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ROUGE ET NOIR [illegible]

A NEWSLETTER DEVOTED TO THE WORLD OF CASINO GAMING

VOLUME 10 APRIL 10, 1978 NUMBER 4

NEW JERSEY CASINO GAMING BY MEMORIAL DAY?

The New Jersey Casino Control Act has been amended by the state legislature to permit the Casino Control Commission to issue a conditional license to an applicant who has a completed hotel-casino. A temporary license can be issued before a full background investigation is completed with such a license good for six months with three one month extensions permitted by law.

The amendment was introduced to facilitate the opening of the Resorts International casino by Memorial Day, the start of the Atlantic City Summer Season.

Competitors of Resorts International are unhappy with the amendment because the entire industry had to pay a heavy price for Resorts to open a few months earlier than possible under the original legislation.

In their study of Nevada gaming regulations the New Jersey gaming authorities concluded that the large Nevada resorts are virtually immune from a closure or suspension-of-operations penalty because of the economic disruption that would result. New Jersey authorities concluded that the imposition of a state-appointed conservator (receiver) in the case of serious violations would permit a hotel-casino to operate while the conservator took steps to sell the property. The push for an amendment of the Casino Control Act, to allow the commission to issue a temporary license to Resorts International, gave the regulators an opportunity to strengthen gaming legislation without yielding any of the power of the original act.

What did the industry get for the increased powers gained by the gaming authorities? The Casino Control Commission has been given the authority to grant a temporary license to Resorts International Inc., the only operator presently in a position to apply for such licensing.

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Our sources claim that legalized casino gaming in Atlantic City by Memorial Day is not a foregone conclusion. Insiders tell us that there is one definite NO vote facing the Resorts Int'l application for a temporary license. A Commissioner is expected to move for deferral of the application until the Enforcement Division investigation is completed in view of several adverse articles in regard to the applicant published in the area and national media. There is a small, but significant, probability that this commissioner will be able to convince a colleague to join in a NAY vote on the application. The law requires at least a 4 to 1 vote for a license application to be approved.

The above analysis comes from the source responsible for last month's item that something was going to happen to permit the first casino to open by May 15. The something did happen and the date will be missed by only a week. Resort plans to open a week before Memorial Day to give their dealers some actual casino experience before the Memorial Day weekend mob scene.

What are the odds on Resorts getting a temporary license? The proposition that they won't get a unanimous vote is almost a sure thing. And if you get better than 9 to 1 odds on the license application being deferred until the investigation is completed you've got a good bet.

Resorts International Dealers School Inc. got a license to open its dealer school but only by a 3 to 2 vote. The school was incorporated in the names of James D. Carr and Jack Speelman, with Resorts loaning the pair $300,000 to start the operations. The two commissioners opposing the school application felt that the license shouldn't be granted until the investigation of Resorts International is completed. The law, as written, required only the investigation of Carr and Speelman and not the source of money used to bankroll the operation. The school directors and Resorts International made no effort to hide the facts, they merely took advantage of a serious loophole in the New Jersey law.

Enrollment in the Resorts International school has been made available to New Jersey residents on a tuition-free basis. The corporation is footing the costs for the training program, and plans to hire about 350 of the graduates.

What's happening in the Gaming Enforcement Division's investigation of Resorts International? Our information is that nothing has been developed to date to disqualify the applicant. Investigators have encountered some problems such as the refusal of Price Waterhouse to make audit "work papers" available to

New Jersey investigators. The accounting industry considers work papers to be the property of the auditor and not the property of the client. Most of the industry considers the work papers sancrosant. But New Jersey has taken the position that such work papers are made available to Nevada Gaming Board investigators and should be made available to New Jersey. Haskins and Sells is cited as being particularly cooperative especially as to the data provided in the investigation of Morris Shenker's license application at Continental Connector's Las Vegas Dunes Hotel and Country Club.

Why are the investigators so anxious to gain access to the Price Waterhouse audit work papers? The Nevada trained New Jersey investigators rate the Resorts International Paradise Island casino controls as below Nevada standards. The audit trail is poor and pieces of adding machine paper are used where hard copies are utilized in Nevada. The Resorts reply is that the Paradise Island casino is the most profitable in the world, and this speaks well of the effectiveness of the control system designed for a foreign operation which limits the number of American casino executives who can be employed.

PROPOSED NEW JERSEY CASINO RULES

Discussions of proposed game rules gave industry observers an excellent opportunity to evaluate the five members of the New Jersey Casino Control Commission. Our evaluation is that only Commissioner Albert Merck conducted an independent evaluation of staff recommendations. Merck attempted to implement the intent of the legislation that New Jersey casinos offer the gamers the best break possible. Typical of the debate Lordi rejected Merck's proposal to utilize the more favorable aspects of British craps rules with the comment, "The only system we have in this country is Nevada. I think we should set them (the rules) as they are there until we have some experience." Lordi argued that England's experience is not directly applicable because their casino operators don't have to make large investments in hotel-casino complexes.

The three other commissioners bought Lordi's arguments without realizing the fact that the proposed blackjack rules are not utilized anywhere in Nevada. If the blackjack rules are implemented Atlantic City blackjack tables should show a win rate about 50% higher than Nevada. The Atlantic City gamer will be limited to 3 hours at the blackjack tables for a gaming stake and approach that would on the average provide 4 to 5 hours of entertainment at the Las Vegas tables. We challenge New Jersey gaming authorities to identify any legalized casino gaming area with worse rules than those proposed for New Jersey blackjack games.

The rules approved for publication are as follows:

CRAPS

Limits - The Commission ducked its responsibility to set the table limits, as we interpert the law, and instead will review and approve casino licensee submissions at each casino. Partnerships with a view to exceeding the maximum limit are forbidden.

Payout Odds- All odds stated on any layout or in casino brochures must be stated on a "to" basis and not "for". The proposed payout odds are those of the Las Vegas Strip except for the following:

Big Six (Big Eight) - 1 to 1 or 7 to 6 on wagers of six dollars or multiples thereof.
Craps 2 (Craps 12) - 30 to 1
Craps 3 (Any 11)- 15 to 1.

Buy Bets - available at a fee not to exceed 5 percent.

Come Bets - available on the do and don't side.

Free Odds - the casinos must offer single free odds.

Invalid Rolls of the Dice - A roll of the dice shall be invalid whenever either or both of the dice go off the table or whenever one die come to rest on the top of the other.

A boxman or stickman, as designated by the casino licensee, shall have the authority to invalidate a roll of the dice by calling "No Roll" for any of the following reasons:

1. The dice do not leave the shooter's hand simultaneously;
2. Either or both of the dice fail to strike an end of the table;
3. Either or both of the dice come to rest on the chips constituting the craps bank of chips located in front of the boxman;
4. Either or both of the dice come to rest in the dice cup in front of the Stickman or on one of the rails surrounding the table;
5. The use of cheating, crooked or fixed device or technique in the roll of the dice; and,

6. For any other reason the Boxman or Stickman, as the case may be, considers the throw to be improper.

The call of "No Roll" shall, whenever possible, be made before both dice come to rest.

Cocked Dice - When the dice come to rest from a valid throw, the Stickman shall at once call out the sum of the numbers on the high or uppermost sides of the two dice. Only one face on each die shall be considered skyward. In the event of a dispute as to which face is uppermost, the Boxman shall have discretion to determine which face is uppermost or to order the throw to be void and the dice to be re-thrown.

These proposed rules should be read as definitions of minimum conditions, the individual casinos have the option of offering more liberal rules should they desire to do so. For example, the rules require the offering of single free odds but a casino can offer double free odds.

One payoff that is likely to be modified at craps is the 4 to 1 payoff on the single roll of any seven. The London payoff of 9 to 2 has a good chance of being substituted for the Nevada payoff.

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BLACKJACK

Number of Decks - The casino must use a minimum of 4 decks dealt from a shoe designed for that purpose.

Limits - The Commission will review and approve levels submitted by the individual casinos.

Dealing Procedure - All cards will be dealt face up with the dealer taking a second card only after all player hands have been played. In the alternative the casino can adopt the practice of the dealer taking a hole card in the normal course of dealing, but the rules prohibit the dealer from looking at the card until all player hands have been played. Should the dealer get a natural blackjack players lose only the initial amount of their bet on split and doubled down hands.
The dealer must announce the point total to each player and even the double down card is dealt face up. If the dealer does not take a second card until all player hands

are played he must announce "Dealer's Card" in a tone of voice calculated to be heard by each person at the table before dealing the second card upward to himself.

Doubling Down - Permitted only on the first two cards of a player's hand which total 9, 10 or 11. The player may not double down on a natural blackjack hand.

Splitting Pairs - "Whenever the initial two cards dealt to a player are identical except for suit, the player may elect to split the hand into two separate hands provided that he makes a wager on the second hand so formed in an amount equal to his original wager."
"When a player splits pairs, the dealer shall deal a second card to the first of the hands so formed and shall complete the player's decisions with respect to that hand before proceeding to deal any cards to the second hand."
"After a second card is dealt to a split pair, the dealer shall announce the point total of such hand and the player shall indicate his decision to stand, draw or double down with respect thereto except that

1. a player may not split pairs again if the second card so dealt is the same as a card of the split pair; and
2. a player splitting aces shall only have one card dealt to each ace and may not elect to receive additional cards."

Dealer Draw - A dealer shall draw additional cards to his hand until he has a hard or soft total of 17, 18, 19, 20 or 21 at which point no additional cards shall be drawn.

Multiple Betting on a Box - A casino licensee may permit from one to three people to wager on any one box of the blackjack layout.
Whenever more than one player wagers on a box, the player seated at the box shall have the exclusive right to call the decisions with regard to the cards dealt to such box. In the case of no seated player, the person with the highest wager in the box shall have such right.
Whenever more than one player is wagering on a box and the player calling the decisions decides to double down, the other players may also double their wagers but shall not be required to do so. In any event, only one additional card shall be dealt to the hand that is subject to the double down decision.
Whenever more than one player is wagering on a box and the player calling the decisions decides to split pairs, the

players shall either make an additional wager equal to the original wager to cover each of the split pair or designate which of the split pairs they wish their initial wager to apply.

Irregularities - A card turned face upwards in the shoe shall not be used in the game and shall be placed in the discard tray.
A card drawn in error without its face being exposed shall be used as though it were the next card from the shoe.
After the initial two cards have been dealt to each player and a card is drawn in error and exposed to the players, such card shall be used as though it were the next card from the shoe and any player refusing to accept such card shall not have any additional cards dealt to him during such round.

These are minimum requirements. The casino can use more than four decks of cards. The casino can allow ten value cards to be split even though the regulations require only that pairs of tens, jacks, queens or kings be mandated as splitting hands. We interpert the rule to require the option for a hand of jack-jack, but not for a hand of jack-ten, jack-queen, or jack-king.

Other than the change described above we expect the initial Atlantic City casinos to take full advantage of the profit bonanza made possible by the rules which do not require the casinos to offer many of the player options which help make the game played in Las Vegas a contest. Our view- games played in accordance with the minimum requirements of the New Jersey rules amount to a license to steal from the gullible public.

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ROULETTE

Payout Odds - The minimum odds are the same as in most Nevada casinos. The New Jersey rules are more liberal than Nevada, but less favorable than those in France, in that only half of each wager on any even money chance is lost on the appearance of a zero (0) or double zero (00).

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BACCARAT - PUNTO BANCO

Odds and Vigorish - A winning wager made on the "Banker's Hand shall be paid off by a casino licensee at odds of 1 to 1 except that the casino licensee may extract a charge (to be known as vigorish) on the amount won not to

exceed (5%) of such amount.
A winning bet on a tie hand proposition shall be paid off by the casino licensee at odds of 8 to 1.

Method of Play - The same rules apply as in the game called Baccarat - Chemin de Fer in Nevada casinos.

Irregularities - A third card dealt to the "Player's Hand" when no third card is authorized shall become the third card of the "Banker's Hand" if a card is required by the rules for drawing. If the rules require the "Banker's Hand" to stay the card dealt in error shall not be used and shall be placed in the discard bucket at the table.
A card drawn in excess from the shoe and not disclosed shall be used as the first card of the next round provided that the cutting and marking card has not yet been exposed in the shoe.
Cards found face upwards in the shoe shall not be used and shall be placed in the discard bucket at the table.
If there are insufficient cards remaining in the shoe to complete a round of play, that round shall be void and a new round shall commence after the entire set of cards are re-shuffled and placed in the shoe.

We compliment the Commission for including the topic of Irregularities in the rules. The present list should be expanded to cover the other problems commonly encountered in casino operations.

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BACCARAT - CHEMIN DE FER

Banker Wager - The bank is awarded to the gamer who offers to wager the highest amount on the first hand. Immediately prior to dealing the cards, the Banker shall place a wager in support of the "Banker's Hand" in an amount equal to or exceeding the amount the Banker offered in bidding for the bank. If he starts with a $1,000 initial bank bet and he continues as Banker his wager on the second hand must be at least $1,000 but not more than $2,000. His wager on the third hand must be at least $2,000 but not more than $4,000. The amount of all bets placed by the Banker shall be at least equal to, but not more than twice, the amount of his immediately preceding wager.

Player Wagers - Players are given an opportunity to fade the banker with the first player in turn willing to fade the entire amount given preference. Such players should announce "Banco Seul" or "Banco". If no player is willing to fade the entire bet each player, beginning with the one seated to the immediate right of the Banker accepts as much of the bet as he cares to fade. Moving counter-clockwise each player in turn is allowed to make a bet on the player hand until the complete banker pot is faded. Any player who equaled and lost the immediately preceeding wager of the Banker shall have the first option of fading the complete Bank bet. Said player shall exercise this option by announcing "Banco Suivi" or "Suivi" and by placing the requisite wager on the appropriate area. If no qualified player announces "Banco Suivi" or "Suivi" the next preference shall be given to the player announcing "Banco Seul" or "Banco" who is seated nearest the Banker in a counter-clockwise direction around the table. Exclusive control of the Player hand rests with the player making the highest wager against the bank. If there are several such bets the player making such a wager nearest to the Banker moving counter-clockwise controls the "Player's Hand". The Player controlling the hand is called the Dominant Player.

Dealing of Additional Cards - For a player two card total of one, two, three or four the Dominant Player shall request one additional card by announcing "Card"; for a total of five the Dominant Player can draw or stay; for a six or seven the Player must announce "Stay"; for an eight or nine the Dominant Player shall announce "Natural" and all cards in both hands shall be turned over immediately with no additional cards dealt to either hand. If the Dominant Player announces "Card" the Banker must first look at his hand before dealing the requested card. For a Banker total of 8 or 9 the Banker announces "Natural" and the Banker wins without any additional cards drawn.

After the "Player's Hand" stays or receives a third card in accordance with the above rules, the Banker shall turn the cards in the Banker's Hand face upwards on the table and shall deal or not deal a third card to his hand in accordance with the requirements of Table 1 reproduced on the following page.

In this table D indicates a requirement for the Banker to draw another card. S indicates a requirement for the Banker to Stand. Op. indicates that the choice of drawing or standing is optional with the Banker. The Banker may extract a charge of not more than 5% of the amount won by the

Banker. Such fee shall be collected immediately after each round.

		Value of Third Card Drawn by Player's Hand										
		No 3rd Card	0	1	2	3	4	5	6	7	8	9
Point Count of Banker's Hand After First Two Cards	0	BANKER'S HAND DRAWS										
	1											
	2											
	3	D	D	D	D	D	D	D	D	D	S	Op.
	4	D	S	S	D	D	D	D	D	D	S	S
	5	D	S	S	S	S	Op.	D	D	D	S	S
	6	S	S	S	S	S	S	S	D	D	S	S
	7	BANKER'S HAND STAYS										
	8											
	9											

TABLE 1

Irregularities - There are severe penalties for errors as delineated below. Our advice is don't play the game until you are well versed in the rules.

1. If the Banker, during the Initial Deal, takes more than two cards for his hand and the deal cannot be rectified the Point Count of his hand shall be regarded as zero and the play shall proceed.
2. If the Banker, during the Initial Deal, gives thee cards to the Dominant Player and it is not possible to determine which card was dealt in excess, the Point Count of the "Player's Hand" shall be the highest that can be made with any two or all three of the cards.
3. If the Banker, subsequent to the Initial Deal, takes two cards for his hand instead of one and the deal cannot be rectified, the Point Count of his hand shall be lowest that can be made with two of the cards.

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SLOT MACHINES

The Casino Control Act requires that machines be set to return at least 83% of the intake.

> Jackpot Payoff - Each slot machine which has a jackpot not paid automatically and totally by machine must have a sign on the machine that automatically illuminates when part of the jackpot is to be paid by an attendant. The slot machines must have an electrical, mechanical or electronic device that automatically precludes a player from operating the machine after a jackpot requiring mechanical pay off until the machine has been reset by an attendant upon completion of the payoff.

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ROUGE ET NOIR COMMENT ON PROPOSED N.J. CASINO RULES

The rules are disappointing particularly as to blackjack. The question of barring blackjack counters has been referred to the Commission staff for their recommendation. Our understanding is that the staff will probably recommend a prohibition against barring of counters if for no other reason but the fact that drawing up suitable regulations to permit such barrings has proven to be an almost impossible task. Use of "assist" devices, such as computers, and team play will be outlawed.

Gamers are encouraged to send comments on the proposed rules to the Casino Control Commission, 379 West State St., Trenton, N.J. 08625 by May 1.

In our opinion the casino rules approved for publication do not meet the intent of the Casino Control Act. The roulette rules are better than those of most Nevada casinos but they are not as good as those of French casinos. The craps rules aren't as good as those in Great Britain. And the blackjack rules are a disaster; they are nowhere near as good as those in Las Vegas.

It is interesting to note that the Commission is going to let observers get into the action by betting on a player's spot. Imagine the rhubarbs that can be expected when the player seated at the box implements a strategy not to the liking of other gamers wagering on the hand. Some idiot is going to insist on standing with a hand that should be hit and the fur will fly.

The proposed rules do not include any prohibition against shuffling up at any time the casino chooses to exercise the option.

MORE ON N.J. CASINO GAMING

Sonny Schwartz, columnist of the PRESS, an Atlantic City daily, recently published an interesting item about Bally's promotional efforts. A research report, prepared for Bally by the New York firm of Philips, Appel and Walden Inc., comes to the conclusion that "while there have been allegations that the company has been linked, however tenuously, with organized crime in the past, there is no evidence that currently suggests any direct or indirect link to the underworld today."

The study also states "although it would be premature to assume that licensing will come easily to Bally or any other company in Atlantic City for that matter, we believe there is no logical reason to assume that any facts of an adverse nature will be brought to bear that would result in the New Jersey authorities denying the company's application."

Our evaluation is that the odds favoring a license to Bally for the package recently submitted are no better than 4 to 1, with the odds against a unanimous vote at least 10 to 1.

An author of the subject report is quoted as viewing the Bally retention of the former president of Caesars Palace as " a decided plus." A report that we feel should be prepared is an explanation of how the former president of Caesars can defend his management performance during the settlement period (April 25 to Sept. 30, 1969) in the purchase of Caesars by Lum's Inc. The Securities and Exchange Commission made some serious allegations as to fraud by the then Caesars Palace executive vice-president. New Jersey also deserves a full explanation as to why certain Caesars Palace executives, including the then president, refused to cooperate in the S.E.C. investigation.

The S.E.C. isn't likely to provide a letter of recommendation to the officers who made their investigatory efforts more difficult even though the case against all defendants, except the former executive vice-president, was ultimately settled by a consent decree.

The New Jersey Division of Gaming Enforcement will face a herculean task in following up all of the investigatory leads in connection with a Bally investigation. Bally's management must also anticipate problems because they did not submit the $100,000 non-refundable deposit with the license application. No investigation will be initiated until the payment is made. Bally said it would make the payment once the company is given an estimate of the total cost of the investigation. The Bally approach only makes sense if Bally is considering withdrawing its New Jersey application if the license investigation budget estimate indicates such an extensive investigation that management would deem such a payment to be an imprudent business investment.

Our sources tell us that a Bally acquisition of Caesars Palace is an idea that is a real possibility. It is interesting to note that the position of president is still open at Caesars and the S.E.C suit gives the former president no problems in Nevada. The acquisition would make a lot of sense to Bally especially if the New Jersey project has to be abandoned. The recent strength of the common stock of Caesars World, Inc. indicates that others have come to the same conclusion.

Penthouse has been making news in Atlantic City with deals that theoretically puts them in a good position to get the second New Jersey casino license. Penthouse plans to erect a casino connecting the 392 room Holiday Inn to the 122 room Four Seasons Motel, an arrangement which would satisfy the 500 room requirement of the law. Tony Torcasio, the former Las Vegas Tropicana casino manager, is director of casino operations for Penthouse International.

Penthouse is another casino applicant who can expect extensive attention from investigative reporters covering the New Jersey casino scene. The Penthouse International Ltd. franchised casino in London lost its casino license several years ago, and the British gaming authorities have refused to issue a license to Penthouse International Ltd. to reopen the casino under Penthouse management.

Penthouse also had problems operating a casino in Yugoslavia, and they withdrew after one season.

Nevada gaming authorities wouldn't go along with licensing of Lyle Stuart at the Las Vegas Aladdin because of two titles in a two year old 350 book catalog of a subsidiary of the publisher. The board members hadn't read the books, and they refused to approve the application even though Stuart never had the slightest trouble with the law on any level regarding the things he published in the 15 year history of his publishing house.

Nevada was wrong in the Lyle Stuart case but New Jersey gaming commissioners cannot help but wonder whether New Jersey voters envisioned the publishers of PENTHOUSE and PLAYBOY as New Jersey casino operators. The ads that feature the sexual exploits of the PLAYBOY publisher, the bedding down of thousands of young women, don't reassure many in the New Jersey electorate that saving Atlantic City is worth the price if such individuals can satisfy the state's character requirements for licensing in the privileged casino industry.

INSIDE LAS VEGAS

Nevada fiscal reports indicate that the state's casino industry is booming. Year to year comparisons show win improvements in the order of 20% despite the fact that the total Nevada casino win rate now exceeds $1.5 billion per year.

But there are serious control problems in the industry with enforcement affected by the fact that the present governor will not be a candidate for re-election in the November 1978 gubernatorial campaign.

The feds are stepping up pressure on Nevada with several grand juries looking into matters involving Nevada gaming licensees. The image of Nevada gaming control will suffer if the feds beat the locals to the punch on developing adverse information, indictments and convictions.

Argent is a particularly sensitive area. An informer, key to the detection of the slot scam at Argent, alleges that a top Argent official was involved in the fraud, but to date the informer refuses to testify. Without the testimony authorities cannot act against the official. But with the allegations in mind investigators have been spending a great deal of time at the Argent operations (Stardust and Fremont).

Sports books are also a problem area. The volume of sports bets is growing at a rate which we feel clearly demonstrates that applicable laws are being violated. Some Nevada books are being utilized by illegal bet rings to balance their betting books. With the feds in a position to embarrass Nevada the local authorities have no choice but to act aggressively when any sports book violations are found.

The Nevada Gaming Control Board is seeking $80,000 in fines from the Las Vegas Union Plaza race book and sports pool for allegedly accepting 37 illegal out-of-state phone bets in the October 17-November 3, 1977 period. The complaint also seeks revocation of the gaming license of the key employee accused of taking bets from a Phoenix, Arizona gambler. The Board also seeks an order which would result in expiration within six months of the separate Union Plaza race books - sports pool license and the license of John Quinn, the general manager of the book.

Another Gaming Control Board charge is that blatant fraudulent schemes to embezzle money and massive irregularities took place at the Argent Stardust and Fremont race and sports books. The board claims that several people in Argent's top fiscal management had direct knowledge of the scam but did nothing to stop it. Alan Glick was named in the complaint, but the board chairman stated that "we are not sure if he had any direct knowledge" of the violations.

Glick's reply was, "I am responsible for the activities of the Argent Corp. as its sole stockholder and owner." . . . ."It is irrational to discipline the victim after he has been victimized." The claim is being made by an individual who is using the same attorney in the subject action as the alleged perpetrators.

Nevada would be in a much better position to hold Glick responsible for the performance of his subordiantes in gaming matters, if they had followed the intent of the Nevada gaming regulations in the Sahara 53 card single deck blackjack game. Even though Nevada gaming regulations hold the licensee responsible for conduct of the game the authorities imposed no penalty even though a customer complaint about the existence of two five of spades in a single deck 53 card deck blackjack game was found to be true.

And Glick's attorney can argue that Nevada authorities did not act against Caesars Palace officials responsible for the operation of the casino in the settlement period of the Lum's Inc. purchase. The S.E.C. STATEMENT OF THEORY OF CLAIMS AND SUPPORT in the subject case made a compelling argument, with mathematical backup, that all winnings for the period were not reported.

Casino patrons expect the gaming authorities to provide assurance that the gaming establishment managements have the expertise and motivation to properly control their gaming operations. Inability to control gaming matters such as skimming, slot machine counts, past posting at the sports/race book, deck content at blackjack, etc. can be considered as symptomatic of serious industry management and enforcement problems not unique to the operations of one licensee. There is an industry problem which requires attention now. The gaming authorities have to get tough with licensees. Continued deficiencies should result in progressively increased punishment, with gaming license suspension and revocation penalties that should apply to managements that cannot properly control their operations. A claim that an owner should not be punished for a scam perpetrated by an underling because the owner is a victim, isn't an argument that impresses customers.

Ken Uston's suit against the Hilton Flamingo , re blackjack barring, has been dismissed. Uston still has cases pending against the Sands and the Dunes, both of which involve an eviction from the hotel facilities in addition to the barring from the blackjack tables.

Frank Capra, Jr. and Dale Crase have purchased the film rights to Uston's THE BIG PLAYER and a film version of Uston's casino experiences is expected within two years.

Gary Yelverton has been named general manager of the Las Vegas Landmark by the new owners, Lou Tickel and Mrs. Zula Wolfram. Landmark casino manager Jimmy Mahar and his staff have been asked to stay. Yelverton comes to the Landmark from a casino executive position at the Desert Inn.

The Clark County (Las Vegas area) grand jury indicted several prominent area residents alleging involvement in a sex-for-hire ring which used Las Vegas children as prostitutes. Puerto Rico authorities have yet to come to grips with a similar problem involving a prominent casino owner.

Ed Torres, the guiding genius at the Riviera, has announced plans to retire at the expiration of his five year employment contract, Dec. 31. The Riv is a wholly owned subsidiary of AITS, a division of Rapid American Corp a publicly owned entity. Our information is that Torres wants to make sure that he does not become the fall guy when government agencies, such as the SEC, look into the perks of chairman Meshulam Riklis. The public stockholders haven't been told that Riklis feels that one of his fringe benefits is the right to spotlight his wife, Pia Zadora, in the Riviera main showroom.

Late last year Riklis insisted on co-staring his wife on a bill with Glen Campbell. But Campbell wanted comedian Kelly Monteith and bowed out rather than accede to the Riklis demands. The replacement show staring Dave Brenner and Pia Zadora didn't set attendance and/or casino drop records at the Riv.

Milton Berle was slated to appear with Neil Sedaka for two weeks beginning March 28, but Riklis has insisted on replacing Berle with Pia Zadora after one week. Berle isn't happy with the change and Sedaka isn't cheering about the arrangement of two singers on the same bill. The Internal Revenue Service should really have fun estimating the value of the perk in determining income effect on the Riklis tax returns.

WORLD OF CASINO GAMING

The HAMAK, a luxurious new resort on Guadeloupe in the French West Indies, is now being marketed with direct charter flights from New York every Saturday. The resort features a French-style casino with boule, roulette, blackjack, baccara and chemin-de-fer. The HAMAK offers villas, studios and duplexes. A high gastronomy French restaurant and a challenging golf course (6,755 total yards-par 71) are other features of the resort.

The U.S. Department of Labor has moved to block a proposed $20 million loan by N.Y. Metropolitan area Teamster Local 282 to a real estate speculator for construction of a hotel-casino in Las Vegas. The proposed loan represents 36% of the local's assets. Hyman Green planned to build a hotel-casino on the Las Vegas Strip between the Dunes and the Jockey Club.

The Bahamas Government has instituted the first in a series of tariff reductions which should result in savings of 15 to 20% from U.S. prices on crystal, china, sweaters, watches and photographic equipment.

Puerto Rico had an excellent 1977-1978 Winter Season, room occupancy showed a 13% gain over the year earlier figures. Resorts with casinos showed a 13.9% gain as compared to a 12.2% increase for hotels sans casino. San Juan benefited greatly from the cruise ship boom, with approximately a third of the visitors cruise tourists.

Playboy Clubs International will open a casino in the Ambassador Beach Hotel in Nassau, the Bahamas on May 6. The Bahamian government built and owns the casino which is being leased to the London-based unit of Playboy Enterprises Inc.

Lou Puro (El San Juan and El Conquistador) has an option from American Airlines to purchase the San Juan Americana Hotel. The option expires April 10 and our understanding is that his efforts to obtain financing for the purchase have yet to come to fruition. The Puerto Rico government is unlikely to come to Puro's aid since a buyer, with financing for the purchase and necessary renovation program, is reported to be waiting in the wings.

Loew's isn't having much success reaching an agreement with their landlord as to a casino operation at Loew's Santo Domingo, Dominican Republic. A license is available to Loews but their relationship with the hotel owners is so strained that it appears unlikely that a casino will be in operation for the full 1978-1979 Winter Season. This facility could be the sleeper of the Caribbean and a real gold mine if the bitter dispute can be resolved shortly.

New York State legislators are still trying to untangle the state's Las Vegas Night regulations. Gov. Carey last summer vetoed a bill making some needed revisions because he objects to the inclusion of poker as one of the approved games.

The New York Wagering Board, charged with the supervision of Las Vegas nights, has been completely ineffective. The Board is interested in promoting horse racing and track interests couldn't be happier with the current casino gaming mess.

The New York City media has finally caught up with the fact that illegal games exist in quantity. It is even rumored that charities get a part, allbeit a very small part, of the profits of these Las Vegas Nights. There have even been new physical facilities built with very large casino areas and a small space for religious services. One such facility has a 15 by 25 foot synagogue with the remainder of the 12,000 square foot structure devoted to casino gaming (12 blackjack tables, 2 craps tables and 10 poker tables). Have any religious services been held in this facility? We haven't been able to find anyone who has attended any such service.

The district attorney of the NYC borough of Queens has put the 23 Las Vegas Night operations in his jurisdiction on notice that illegal operations will be closed down and everyone connected with the operations will be arrested. The 23 casino operations have been grossing about $3 million per month, and this will go to virtually zero if the operators try to operate under the present law. The New York Las Vegas Night law is ridiculous . . . it is impossible to operate successfully under the statue. We applaud the move against illegal operators but legitimate charities and religious organizations deserve Albany action to provide reasonable Las Vegas Night regulations per the wishes of the electorate as evidenced by their overwhelming support of the referendum which approved the use of such affairs for fund raising efforts. With a re-election campaign in the offing Carey might be well advised to give some attention to the plight of the charitable organizations.

The current session of the New York Legislature is critical from a casino gaming standpoint. If this year's Legislature were to approve a proposed constitutional amendment to legalize casino gaming,and it were passed again next year, a statewide referendum could be held November 1979. A failure to act during this session would postpone the casino drive for at least three years.

The Antigua, British West Indies, government has asked a large hotel chain with Caribbean area casino expertise to open a hotel-casino on the island. The hotel chain is interested but they insist that any agreement be tied to implementation of a tough government policy of casino gaming enforcement to assure honest gaming conditions on the island, a condition that has not been a characteristic of island operations to date.

RENO HIGHLIGHTS

The industry is anxiously waiting for the May 3 opening of the $131 million 1015 room MGM Grand Hotel - Reno. The hotel-casino is flying in high rollers and V.I.P.s in three separate contingents for parties on May 6, 13 and 20.

The fact sheet on the resort is impressive. The casino occupies 100,000 square feet with a complement of 2,000 slot machines, 102 blackjack games, 16 card games, 10 craps tables, 4 roulette wheels, 2 baccarat tables, 2 big six wheels, keno, bingo and a race/sports book.

The main show is Donn Arden's "Hello Hollywood, Hello" a tribute to the great Hollywood productions of yesteryear with a cast of 135. There will be two shows nightly, a dinner show and a cocktail show. Preliminary reports indicate the show is going to be disappointing, the rehearsals indicate that it isn't in the same league with "Hallelujah Hollywood".

The recreational complex includes a 2,000 seat jai alai fronton, 8 tennis courts (5 indoor, 3 outdoor), a 50 lane bowling center, a 33 acre-200 foot deep lake for water sports, swimming pool, health clubs, a 592 space camperland, forty stores and a youth center.

The hotel has seven restaurants ranging from the usual 24 hour coffee shop to haute cusine in a palatial Palace of Versailles atmosphere. The rooms are luxurious with each resembling a suite with a separate living area, complete with sofa, chairs, cocktail table and television set. Every room has either a king-size bed or two double beds.

Should you accept an invitation to one of the opening parties should one be proffered? Initial visitors can expect to find the casino craps and baccarat dealer proficiency considerably below Las Vegas Strip standards. Gamers should check payoffs and if mistakes throw you off your game you might be better off waiting at least until June to visit the casino.

Will the MGM Grand - Reno be an immediate success? Our evaluation indicates that investors are going to be disappointed with initial operating results. The Reno facility is a high overhead grind joint which will find it hard, if not impossible, to duplicate the profit margins of the Las Vegas MGM Grand. Reno is a different market and the promotional techniques that worked for the Las Vegas Grand aren't the optimum solution for the prolems facing the Reno facility. We would rate the performance of the Reno management team as excellent if their profit percentage on overall gross is half that of the Las Vegas resort. As to gross per room we expect the Reno figure to be about 75% of the Las Vegas hotel-casino. One of the biggest problems faced by the Reno team is the profit expectation of the corporate brass. And help from Las Vegas, such as the non-optimum initial advertising campaign, isn't going to help them meet the projections.

Del E. Webb Corp. plans to open its new Sahara Reno Hotel-Casino in May. The new resort will be connected by an overhead walkway to Webb's Primadonna Club. The corporation also has been chosen to operate the Park Tahoe Hotel-Casino presently under construction across the street from its Sahara Tahoe. J.Dennis Small has been appointed a Webb vice presicent and general manager of the Park Tahoe casino operation.

Harrah's has purchased the Reno Riverside Hotel-Casino in a three-way real estate deal with Overland Inc. The hotel is being purchased by Harrah's so that it can trade it to Overland for that firm's old hotel-casino which is the site for a future Harrah expansion project. Overland will take over operation of the Riverside.

Fourteen airlines are bidding for new air routes to link Reno with major market areas, and Reno's air service should improve dramatically in the next few years. United Air Lines already has authority to begin nonstop flights to Reno from virtually every point in their system. But UAL will probably utilize their new high frequency, low fare commuter service from San Francisco and Los Angeles to provide connections for Eastern passengers destined for Reno.

BOOK REVIEWS

CASINO GAMBLING FOR THE WINNER by Lyle Stuart. Published by Lyle Stuart Inc., Secaucus, N.J. 208 pages hardcover. Selling Price $12.00

Here's a gambling book that you won't be able to put down until you finish it. You'll experience the vicarious pleasure of participating in the author's successful battle against the table mathematical advantage. In the book Stuart gives you the benefit of his twenty-one years of high roller activity. Using the methods described in the book, Stuart won on ten consecutive 1977 visits to Las Vegas to a total of $166,505 after expenses.

This is not an elementary textbook. The book is written for gamers who are familiar with the basic rules of the individual games. "This is a university class; not a kindergarten."

A successful publisher, Stuart makes the point that many people spend years getting an education to acquire career skills and yet these same people waste much of their income on games in which they have zero knowledge. This book helps fill the information void with nine simple commandments that are a guide to casino winning. And Stuart's intimate knowledge of the casino scene coupled with his writing ability make the learning experience fun.

The book is particularly valuable for crap shooters and baccarat enthusiasts. There is no counting system for blackjack, and no magic betting system, but the book can help you become a winner.

How then does Stuart beat the tables? He doesn't put labels on the recommended approach. The non-mathematical approach has worked for him and he doesn't confuse the reader with a discussion of the scientific principles that apply. He does however provide you with practical advice as to techniques that have turned the author into a consistent winner.

Recommendation - Not for card counters but highly recommended for all others, particularly craps shooters and baccarat enthusiasts. You'll buy this book sooner or later since it is destined for the Best Seller list. You might as well be one of the first to take advantage of the hard hitting advice. This is by far the best gaming book that we've seen in years. We're adding the book to our catalog.

PLAYBOY'S ILLUSTRATED TREASURY OF GAMBLING by David Carroll. Published by Crown Publishers, Inc., New York, N.Y. 9" by 11½" hardcover format. 255 pages. Selling Price $19.95

This is an excellent introduction to gambling for the newcomer. The thirty-two full color pages and hundreds of black and white illustrations give the reader added insight into the fast-moving action at the casino and the race track.

The book isn't for the veteran gamer because of the limitated coverage of the individual games. Card games, dice, cheating, the horses, blackjack, poker, baccarat, gin rummy, pinochle, slot machines, bingo, keno, chuck-a-luck, big six, wheel of fortune, roulette and sports betting are covered in the text.

Recommendation - This is a very attractive book which would make an excellent gift to someone new to gambling. But the limited coverage of the individual games reduces the utility for experienced gamers. We're adding the title to our catalog primarily because of its usefulness as a gift.

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WIN AT CASINO BLACKJACK by Bill Jones. Published by Halsey Publications, Inc., 3852 Farnam St., Omaha, NE 68131. paperback 83 pages. Selling Price $10.75.

The publisher claims that this is the best book on blackjack ever written. In our opinion nothing could be further from the truth.

The author wrote the book because he suddenly found himself almost sixty years old and out of work. He didn't want to leave his home town. What could he do? As a sometime visitor to the gaming tables Jones says, "I can and do leave town richer after paying my expenses, not each time, but - O.K., - $5,000 in a recent year."

Jones doesn't want to raise his stakes, go more often, or become a professional gambler. Instead he wrote the book.

What kind of advice do you get for your $10.75? "For a player rotten hard total of 12 to 16 hit if the dealer shows Ace, 10 or 9; stand if the dealer shows anything else." No the statement isn't a typographical error he gives you his reasoning for the suggested deviations from the standard basic strategy. The kindest comment we can make is that the analysis indicates that the author is not a mathematical genius. If this weren't a holiday season the correct term would be less flattering but more accurate.

The Jones strategy is then used in a reverse modified Martingale of 1, 2, 4, 5, 10, 5, 10, 10, 10 and 20. With a win the following bet is the next number in the sequence. For a loss the sequence is started anew. The betting progression is neither new or effective.

We view the book as a forerunner of casino works by well intentioned amateurs who lack the background, experience and knowledge to make significant contributions to the state of the art.

Recommedation - Definitely not recommended. It is a book to be avoided. The purchase price could be only a small portion of the book's cost should you use the advice in casino play.

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THE GAMBLER'S BEDSIDE BOOK edited by John K. Hutchens. Published by Taplinger Publishing Co., N.Y., N.Y. hardcover 316 pages. Selling Price $12.95

This is a highly entertaining and informative collection of articles and stories about gambling.

The book includes accounts of the lives of famous gamblers and descriptions of popular gambling spots. Even cheating scams are covered with first hand accounts of skullduggery by practioners such as George H. Devol.

Recommendation - An interesting and recommended addition to your gambling library. We're adding it to our catalog.

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QUESTIONS AND ANSWERS

I'm looking for casino game decisions for testing betting systems. What suggestions can you provide?

If money is no problem you should consider buying a Texas Instrument TI-59 computer (available for about $229 from discount dealers). Programs are available to generate statiscally valid game results for craps, baccarat, roulette, keno and slot machines.

A cheaper but still valid approach is to invest $2.00 in GBC's

System Check Series title of interest to you. The individual texts also include a TI-59 program to help you generate additional results should you desire more than the 25,000 in the booklet.

ROULETTE BY THE NUMBERS contains 25,000 decisions adaptable for either American or European wheel analysis. 64 pages. $2.00.

BACCARAT DECISIONS lists 25,000 final decisions (Player, Bank or Tie) without card-count comparisons. 64 pages. $2.00

CRAPS LINE DECISIONS lists 25,000 Pass or Don't Pass decisions only with designations as to comeout or point rolls for the free odds bettor, as well as the straight line bettor. Bar 12 or 2 decisions are also identified. 64 pages. $2.00

ROULETTE ROUGE ET NOIR contains completely different 25,000 decisions of Red and Black decisions only for the "even" bettor analysts, adaptable for American or European wheels. 64 pgs. $2.

CRAPS BY THE NUMBERS lists approximately 20,000 rolls depicting each roll with naturals, craps, point numbers, hardway, field and 7-outs identified. To become available in May. 64 pgs. $2.

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What is your opinion of casino stocks?

We feel that stock market investors should take a hard look at the publicly traded stocks of corporations involved in casino gaming. Most of these stocks are close to their 12 month highs despite lackluster performance of the market, and we feel that the casino stocks will outperform other industry groups.

Until fairly recently financial publications ignored casino companies except in cases of expose type articles. But now most such publications subscribe to the Rouge Et Noir NEWS and they are picking up some of our stories. (See April 10,1978 FORTUNE, pg. 26-27, THE RIGHT TO HUSTLE). The WALL STREET JOURNAL, BARRON'S, BUSINESS WEEK and other business publications have quoted or discussed the newsletter. The libraries of most Wall Street brokerage houses are now subscribers. Many local newspapers, the wire services, and many magazines also now subscribe. Our subscription roles reflect an increased interest in casino activities and that interest should result in recommendations of casino stocks to investors.

As to the individual stocks you list, the following comments represent a personal opinion as to some fundamental considerations.

The comments may be useful for long term investment evaluations but we caution readers that short term traders should make their own evaluations as to how the following comments might affect market action.

HARRAH'S - The entry of MGM onto the Reno market should enable Harrah's to make significant reductions in their promotional expenditures. Traffic to the Reno area should increase significantly with the improvements in air service and the widespread publicity surrounding the opening of the MGM Grand - Reno. Harrah's volume should increase as they get a smaller share of a larger market. Harrah's is a resort only security; there aren't any other operations that can detract from the 20% yearly growth expected as a minimum for Reno gaming.

MGM - The opening of the Reno facility will generate a great deal of publicity as the press junketeers repay the resort for the opening festivities invitations. The Reno facility isn't going to provide the same returns as the Las Vegas sister facility, but it will be quite some time until MGM management and investors realize that present projections are too optimistic. The stock performance is also affected by operations outside the hotel-casino industry.

CONTINENTAL CONNECTOR - This over-the-counter security has suffered from the bad press Morris Shenker has received. But someday Shenker should be able to solve his problems with the U.S. Department of Labor and the Securities and Exchange Commission. The Dunes will ultimately get the financing for the Dunes expansion. Will Continental Connector stockholders fully benefit from success of Shenker's financing efforts? Shenker has had so much trouble with the S.E.C. that he will probably move to go private as soon as he can with a tender offer to present stockhoders.

CAESARS PALACE - Caesars Palace has hired Joseph W. Katz, a top New Jersey lobbyist to represent them in the garden state. Katz also represents the Atlantic City Racing Association and the Monmouth Park Jockey Club so we're not convinced that Caesars is serious about promoting casino gaming in New Jersey. We feel that race track and casino interests are divergent and the Katz appointment only makes sense to us if Caesars wants to slow down the progress of New Jersey casino gaming. To us this means that any plans for a Caesars Palace Atlantic City operation are well down stream. The Caesars Palace stock moved up sharply on announcement of Caesars Palace acquisition of an Atlantic City site. Some of these purchasers may react negatively when they become familiar with the actual Atlantic City plans of Caesars

World. A short sale wouldn't make sense because the Las Vegas hotel-casino is a gold mine, and the parent corporation might solve the problems in the other operations. Another major consideration is that Caesars World, or at least the Caesars Palace operation, is a valuable acquisition candidate for a corporation desiring to buy its way into a leadership position in the industry.

SHOWBOAT - This hotel-casino operation lacks the glamour of the Las Vegas giants but it makes tons of money. This is a well managed corporation who's fiscal performance has consistently outperformed most competitors.

GOLDEN NUGGET - This is another hotel-casino stock not plagued by the existence on non resort operations. The corporation record looks good but we're not enchanted with what we consider a one man management operation.

RESORTS INTERNATIONAL - The securities of this well managed corporation have already moved up sharply in anticipation of the opening of the Resort International Atlantic City casino. The corporation faces critical tests in the form of votes on the temporary and regular casino license applications. We think that the stock would be clobbered should the N.J. Casino Control Commission refuse to grant the temporary and/or regular license. Once the licenses are granted the Atlantic City casino should be a money machine.

BALLY MANUFACTURING CORP. - The negative factors are key to a full evaluation of this security. The price of the stock can be adversely affected by actions of Nevada and/of New Jersey gaming authorities. Nevada can refuse to approve a Bally application to participate in foreign (N.J.) gaming because of the probationary character of Bally's Nevada license. Will Nevada so rule? We don't know. Even if Nevada goes along with a Bally New Jersey hotel-casino the corporation is not a sure bet for licensing in New Jersey. Should the investigation cost estimate in New Jersey indicate serious potential problems, as to licensing in New Jersey, don't be too surprised if Bally doesn't make a deal to gain control of Caesars Palace.

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JUNKETS AND COMPS

We are quite impressed with reader comments about veteran N.J. junket operator Dorie Marcus. We recently ran an item about the Frontier's plans to reduce the number of junket agents and the listing we were given by a top executive did not include the retention of Dorie Marcus. After the item was run subscribers were quick to point out that they thought the Frontier made a dreadful mistake. The Frontier also apparently got the word that Marcus is one of their most valuable representatives. Dorie Marcus continues as a Frontier rep and his small group approach provides the ultimate in services to his customers.

Marcus also represents Mike Mc Laney's casino in Haiti. We've never been to the Haiti casino but we have been getting excellent reports from subscribers who have been on junkets to the resort. Repeat business is high so they must be satisfying visitors. Dorie Marcus can be reached at (201) 736-5614. His address is 28 Cornell St., W. Orange, N.J. 07052.

The San Juan Condado Beach Holiday Inn inaugerates a wives free policy starting April 12th.

August is the peak season on the Riviera so junket reservations to the Loew's Monte Carlo should be made early. Junket operators find that dates are hard to come by and the available space sells out fast.

If you are going to Mc Carlie's Concord in Aruba on a refund of air fare basis make sure that there is a complete understanding of how much action is expected to qualify for the refund of your ticket and that of your companion. Misunderstandings are more likely as to the second fare. If you plan to go first class make sure that you have an advanced agreement from the casino that they will pick up the cost. The first class fare is much higher than the excursion fare. The same comment applies to all foreign travel.

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ENTERTAINMENT SUPPLEMENT - RENO

GRAND - HELLO HOLLYWOOD, HELLO - indefinite engagement.

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HARRAH'S - Jerry Lewis/Peter Marshall; Apr. 13- John Davidson; Apr.27- Eddy Arnold; May 11- Don Rickles; May 18- Bill Cosby; May 25- Wayne Newton; June 1- Jim Nabors; Jun 22- Dionne Warwick/Dick Shawn; July 6- Jim Stafford thru 7/19.

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NUGGET - Mar. 30-Apr. 5- Red Skelton; Apr. 20-26- Debbie Reynolds; Apr. 27-May 10- Mel Tillis/Oak Street Boys; May 11-24 - Roy Clark; Jun. 8-17- Andy Williams; Jun. 18-Jul.13- Debbie Reynolds; Jul. 4-26- Red Skelton; Jul. 27-Aug.9- Vikki Carr

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LAKE TAHOE

HARRAH'S - Sammy Davis Jr./Susan Antony; Apr. 14- Neil Sedaka; Apr. 17- open; Apr. 21- Bobby Vinton; Apr. 28- Glen Campbell; May 12- Frank Sinatra; May 19- Steve Martin/Kenny Rogers; May 26- Steve Martin; Jun. 2- Carpenters; Jun 15- Johnny Mathis; Jun. 23- Lawrence Welk; Jul. 14- Bobby Vinton to 7/23.

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SAHARA TAHOE - Apr. 7-9- Gabriel Kaplan/Teresa Brewer; Apr. 21-23- Joey Heatherton; Apr. 28-30- George Benson/Minnie Reperton; May 26-June 5- Pat and Debbie Boone; Jun. 6-20- Helen Reddy; Jun. 21-Jul.4- Liberace.

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LAS VEGAS

ALADDIN - Gladys Knight & the Pips; Apr. 18- Bobbie Gentry; May 8 - open; May 9- Gabriel Kaplan; May 23- Conway Twitty; Jun. 6- open; Jun. 7- Alice Cooper/Yvonne Elliman; Jun. 21- open; Jun. 27- Loretta Lynn; Jul. 11- Frankie Valli to 7/17.

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CAESARS PALACE - Flip Wilson/Shields & Yarnell; Apr. 13- open; Apr. 20- Diana Ross; May 4- Frank Sinatra; May 11- Paul Anka; May 18- Ann-Margret; Jun. 8- Frank Sinatra; Jul 6- Andy Williams; Jul 20- Paul Anka; Aug. 3- Tom Jones to 8/23.

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FRONTIER - Juliet Prowse; Apr. 20- Doc Severinsen; Apr. 27- Wayne Newton/Dave Barry thru May 21.

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LAS VEGAS HILTON - Bill Cosby; Apr. 18- Helen Reddy; May 2- Lou Rawls; May. 9- The Osmond Family; May 30- Liberace.

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MGM GRAND - Mac Davis/David Brenner; Apr. 20- Engelbert Humperdinck; May 4- Rich Little/Cleo Laine; May 25- Dean Martin; Jun. 8- Shecky Greene; Jun. 15- Engelbert Humperdinck; Jun. 29- Carpenters/David Brenner thru July 11.

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RIVIERA - Neil Sedaka/Pia Zadora; Apr. 13- Olivia Newton-John/Kenny Rogers; Apr. 27- Shirley MacLaine; May 11- Debbie Reynolds/Pat Cooper; May 25- Ben Vereen/Joan Rivers to 6/7.

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SAHARA - Eddy Arnold; Apr. 14- Johnny Carson; Apr. 16- Jerry Lewis/Buddy Hackett thru April 26.

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SANDS - Sergio franchi/Nipsey Russell; Apr. 12- Dionne Warwick/Charlie Callas; Apr. 26- DannyThomas; May 10- Alan King/Lola Falana; May 25- Wayne Newton; Jun. 15- Sergio Franchi/Nipsey Russell thru June 27.

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NOTES FROM THE EDITOR

New Jersey is in the process of finalizing the rules that will apply to Atlantic City casino gaming, and we held up this issue until the regulations approved for publication became available. The proposed rules, discussed herein, will now be published in the NEW JERSEY REGISTER and should the comments received in the 20 day period following the publication not be deemed serious objections by the Commission the regulations will become law.

We strongly urge readers to provide the New Jersey Casino Control Commission with their comments on the proposed rules, particularly as to the draft of regulations for blackjack. In our opinion the proposed rules are not consistent with the intent of the New Jersey Casino Control Act . . . anyone who plays against such blackjack rules is a sucker who deserves to lose.

At craps the rules are not as good as those in England. Roulette enthusiasts will find the proposed Atlantic City rules better than those in Nevada but poorer than those in France.

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SOME NEW BOOKS OF INTEREST

BACCARAT by Tommy Renzoni. A paperback version of the book is now available at $4.95. One of the few books on the game.

ODD TRICKS by Travis White. This is a reprint of a 1934 classic featuring outstanding bridge hands taken from play. A good buy at $3.95.

JOE MILLER'S PITCHING STATS '77. This is a comprehensive authoratative source of statistics on every major league starter and relief pitcher, complete home and away record of every team, complete 1978 schedule, all ballpark diagrams, birthdays of all pitchers for biorhytmers, all opening Las Vegas betting lines and over/under data, plus much more. Now packaged in one paperback book selling for $6.00. Copies of the '76 volumes are also available at $6.00 for coverage of both the American and National Leagues.

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Ken Uston's ADVANCED POINT COUNT blackjack system has been added to our catalog listing because of continued subscriber interest in the material. The selling price is $97.00 less a $10.00 subscriber discount for a net cost of $87.00.

ORDER FORM

ROUGE ET NOIR INC.
P. O. BOX 6 GLEN HEAD, N. Y. 11545

Date ____________

Ship To Name ....
Address ....
City .... State .... Zip ....

BLACKJACK SYSTEMS

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____	USTON ADVANCED POINT COUNT ($97 less $10)		@ $ 87.00=	____

RECENT ADDITIONS TO CATALOG LISTING

____	BACCARAT	paper.	@ $ 4.95=	____
____	BACCARAT DECISIONS	paper.	@ $ 2.00=	____
____	CASINO GAMBLING FOR THE WINNER . .	cloth.	@ $12.00=	____
____	CRAP LINE DECISIONS	paper.	@ $ 2.00=	____
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____	PLAYBOY'S ILLUSTRATED TREASURY OF GAMBLING.	cloth.	@ $19.95=	____
____	ROULETTE BY THE NUMBERS	paper.	@ $ 2.00=	____
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BEST SELLERS

____	ACCU-COUNT SYSTEM FOR WINNING BLACKJACK		@ $10.00=	____
____	BLACKJACK - A WINNER'S HANDBOOK .	paper.	@ $10.00=	____
____	BLACKJACK YOUR WAY TO RICHES . . .	cloth.	@ $12.95=	____
____	BIG PLAYER	cloth.	@ $ 7.95=	____
____	BLACKJACK GOLD	paper.	@ $ 9.00=	____
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ATTN: ASSISTANT DIRECTOR DONALD MOORE

RESORTS INTERNATIONAL, INC., AR OO:NK

RE NEWARK TELEPHONE CALL TO BUREAU, MAY 10, 1978.

THE NEW JERSEY STATE DIVISION OF GAMING ENFORCEMENT, CASINO CONTROL COMMISSION IS PRESENTLY HOLDING A HEARING IN TRENTON, NJ, ON AN APPLICATION BY RESORTS INTERNATIONAL, INC., FOR A TEMPORARY PERMIT TO OPEN A CASINO IN ATLANTIC CITY, NJ. ONE OF THE ISSUES IS WHETHER THE TEMPORARY PERMIT IS IN THE PUBLIC INTEREST.

ON MAY 10, 1978, RESORTS INTERNATIONAL, INC., ATTORNEY JOEL STEARNS, ATTEMPTED TO INTRODUCE INTO EVIDENCE, A FBI LHM DATED, OCTOBER 13, 1976, WHICH WAS PREPARED BY THE MAIMI OFFICE, SUBJECT INTERTEL INC., WHICH IN PART STATED A REVIEW OF THE FILES OF THE MIAMI OFFICE OF THE FBI REVEALS THAT [redacted]RE IS NO INDICATION THAT

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RESORTS INTERNATIONAL, INC., OR INTERTEL, INC., A SUBSIDIARY, HAVE ANY TIES WITH ORGANIZED CRIME. THE COMMISSION DID NOT PERMIT INTRODUCTION OF THIS LHM INTO EVIDENCE SAYING IT HAD NOTHING TO DO WITH THE HEARING.

ACCORDING TO STEARNS THE LHM WAS OBTAINED BY ROLLING STONE MAGAZINE THROUGH THE PROVISION OF FREEDOM OF INFORMATION ACT AND RESORTS INTERNATIONAL, INC., OBTAINED A COPY THROUGH DISCOVERY IN A CIVIL PROCEDING BETWEEN RESORTS INTERNATIONAL, INC., AND ROLLING STONE MAGAZINE.

ON MAY 10, 1978, [redacted] DIVISION OF GAMING ENFORCEMENT, TELEPHONICALLY CONTACTED THE NEWARK OFFICE REGARDING THE ATTEMPTED USE OF THE LHM IN THIS HEARING. [redacted] WAS ALSO INTERESTED IN THE FBI'S POSITION. NEWARK SAC, THOMAS J. EMERY, INFORMED [redacted] THAT THE FBI WAS NOT ENDORSING NOR CLEARING RESORTS INTERNATIONAL, INC., AND NEWARK DID NOT INTENT TO MAKE A PUBLIC STATEMENT AT THAT TIME. b6 b7C

THE FILES OF THE NEWARK OFFICE DO NOT CONTAIN THE REFERENCED LHM, HOWEVER, CONTACT WITH FBIHQ AND MIAMI DETERMINE THE LHM WAS IN RESPONSE TO [redacted] INQUIRY CONCERNING b7D

UNDERWORLD INVOLVEMENT WITH INTERTEL AND RESORTS INTERNATIONAL, INC.

THE MAY 11, 1978, ISSUE OF THE NEWARK STAR LEDGER CARRIES A FRONT PAGE ARTICLE CAPTIONED, "RESORTS OWNERS CITE CLEAN BILL FROM FBI" AND DETAILS THE CONTENTS OF THE DISCLOSED LHM AS WELL AS OTHER PROCEDINGS AT THE HEARING. THE NEW JERSEY EDITION OF THE NEW YORK TIMES AND NEW YORK DAILY NEWS ALSO CARRIES SIMILAR ARTICLES.

IT IS EXPECTED THIS MATTER WILL RECEIVE CONTROVERSIAL PRESS INTEREST AND NEWARK RESPONSE TO PRESS INQUIRIES WILL BE THAT THE FBI IS NOT ENDORSING NOR CLEANING RESORTS INTERNATIONAL, INC.

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Hope, Despair Mix Over Shore Casinos

By JOE SHARKEY
Of The Bulletin Staff

Atlantic City — On the boardwalk in Atlantic City, you can bet on one thing:

The age of casino gambling on the East Coast is about to dawn. Indications are that it will start at the end of this month in a plush casino, now roped off, inside a renovated hotel owned by a company that bought up prime property here even before the New Jersey voters said yes in November 1976.

Resorts International Inc., a conglomerate which also owns casinos in the Caribbean, is ready to go, its officers say. All they are waiting for is a permit from the state to start the dice rolling in the 30,000-square-foot casino, soon to be expanded to 50,000 square feet, at the venerable Chalfonte Haddon Hall Hotel, a Boardwalk landmark on which Resorts has spent $50 million.

The hotel's 800 rooms, which rent for as high as $100 a day, are booked solid through Labor Day.

The company, once alleged to have had organized crime affiliations in its corporate genealogy, has been investigated for a year by state authorities. After an anticipated last-minute challenge from a religious group long active in opposition to casino gambling, state approval for the permit necessary to start gambling is expected to be issued before the busy Memorial Day weekend.

"We feel that under the law we qualify (for the permit)," says Steve Norton, a Resorts vice president. "We've done everything we've been asked to do.

"Legal gambling is not crooked," he says, in discussing the long investigation and the allegations of organized crime's involvement in the gambling business. It is, he maintains, a business under the "closest surveillance" by law enforcement authorities.

"People throw that word Mafia around," he adds.

By most indications, Resorts International, a publicly-held corporation with annual revenues of about one half-billion dollars, has kept its word on Atlantic City. The renovation of the Chalfonte Haddon Hall has been exhaustive. And there have been early signs of improvement to the economy of this hard-pressed old seashore town.

In a city with 20 percent unemployment, among the highest in the country, jobs have been created, some union leaders acknowledge.

"We have had up to 90 percent unemployment (in recent years)," says James T. Brennan, business agent for the Atlantic City local of the Painters Union.

Now, he asserts, 85 percent of his union local's work force of about 500 persons is back to work, mostly at Resorts International, still renovating parts of the hotel.

"Once the money flow starts coming in," adds John Rich, head of the city's Bricklayers local, "there's going to be no stopping Atlantic City."

Is this city, long an example of urban decay and neglect, beset by crime and official corruption, ready for what one Resorts International official concedes will be a "cataclysmic" event – the first roll of the dice?

New Jersey Governor Byrne, among others, has said no. The city has barely expanded its municipal services to handle the hundreds of thousands of visitors expected to be drawn by the gaming tables.

City officials, on the other hand, say they don't have the money as yet to pay for the kind of services likely to be required.

Playboy Enterprises, the company expected to open the second casino (groundbreaking for the Playboy resort is set for mid-July), recently threatened to back out of the deal un-

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Philadelphia, Pa.

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less the state withdraws requirements that would make Playboy spend $1.5 million for sewer improvements, in addition to the $75 million it plans to spend for a new 500-room casino hotel to open in 1980 on the Boardwalk.

Privately, officials of the budding casino operations complain about what one called "a terrible lack of competence" among the various city and state agencies with which they must deal.

Right now, except for the Resorts International complex, Atlantic City does not look like a town poised for what casino proponents had claimed would be a "rebirth."

On the boardwalk, where many of the shops usually open in the off-season have been closed all winter, tattered awnings flap in the wind. It has been, by all accounts, the worst winter, in terms of business and weather in the city's history.

Only three of the major hotels usually open year-round — Resorts International, the Holiday Inn and Howard Johnson — now are in operation, mostly with the convention trade that traditionally sustains the resort's winter economy.

The once-grand Marlboro-Blenheim, snatched up by investors for $6 million and quickly resold for more, stands dark and neglected, a relic of another era awaiting word on whether it will be demolished, as appears likely, to make way for a casino hotel.

Another hotel that usually sent streams of conventioneers swarming onto the Boardwalk, the Dennis, also is closed. It has been consigned to the wrecker's ball by the Bally Manufacturing Corp., the world's largest maker of slot machines, a company that ranks second to Resorts International in its financial commitment to the new Atlantic City.

Strung along a now-expensive stretch of prime development land between Convention Hall and Steel Pier are some of the shops that have given the Boardwalk its particular flavor. Many of the art galleries, boutiques, fast-food stands, fortune telling parlors and other business establishments along that stretch had stayed open year-round. Few are open now. Many of their owners have been notified they will have to vacate soon.

Among at least some of those small businessmen and women, there is a sense of betrayal.

"It's an American tragedy," declares Neil McDermott, a druggist who for a decade has owned a pharmacy on the Boardwalk at Ohio ave. The store is among a cluster of shops at the foot of the stone Moorish towers of the old Marlboro-Blenheim.

McDermott was prominent among proprietors of small Boardwalk businesses who lobbied constantly for the passage of legislation to bring casinos to Atlantic City. He claims to have traveled throughout the state speaking, mostly at professional gatherings, in favor of the casino law.

Now he's sorry he ever got involved.

"It's a disaster," McDermott says from behind the prescription counter at the pharmacy, a big store with a soda fountain. It is the drug store to which the city's hospital, the Atlantic City Medical Center, sends patients with prescriptions. It is the only drug store within 25 miles that stays open until midnight.

And now its proprietor has in his coat pocket a notice from his new landlord that he can be evicted with a week's notice.

"I have conducted this business as a credit to the community," McDermott says, "unlike some of the other places on the Boardwalk that open in the summer to make a quick buck and then shut down the rest of the year."

The property McDermott leases had been owned for 76 years by the local White family, which also owned and ran the adjacent Marlboro-Blenheim before selling out after the casino referendum passed.

Last week McDermott and other leasees along that stretch of the Boardwalk got a legal notice in the mail from the Bally company, which has plans to build a large casino hotel there when financing and other arrangements are completed.

The tenants were informed that they were now on a week-to-week lease. The penalty for failing to vacate with a week's notice was set at $200 a day.

McDermott wonders whether he will be able to find an alternate location on the suddenly-expensive Boardwalk at a feasible price or whether he faces "the destruction of a business I worked all my life to build."

"We looked upon casino gambling to bring a renaissance," McDermott says. "In part, we thought it would help those businessmen who have stayed here and struggled through the lean years.

"And now my business is threatened by an onslaught of people with a lot of money and power, people from out of the area, people who, as far as I know, never even saw the Atlantic City Boardwalk until the casino bill was passed.

"What's happened to the promised salvation for businessmen who stuck it out here? This was the spirit of the (casino) referendum. It's an American tragedy, the way this thing has gone. Out-of-town people apparently are going to reap the harvest."

Abbie Sayegh, daughter of the owner of a curio store in the complex of buildings adjoining the shuttered Dennis hotel, agrees that some Boardwalk businesses have been left in limbo. And, she says, rents for alternate locations have "skyrocketed."

But all is not pessimism.

"You got the money? You can get any place you want," declares Jim Buddendorf, owner of James Wholesale Jewelers, on the Boardwalk. But even Buddendorf, who sees nothing but good things ahead, sees at least one major problem — congestion. A dramatic surge in business is expected in town when the first casino opens. No one yet knows just how to handle it.

"I live in Margate (a short distance away on Absecon Island). What am I going to have to do in the summer? Walk to work?"

Last Wednesday, after digesting a massive study on parking and traffic paid for mostly by Resorts International, the city released a detailed master plan geared to the possibility that as many as 18 casino hotels, drawing hundreds of thousands of extra cars a year, might be in operation in Atlantic City.

To date, the city's only upgrading of traffic services has been the installation of a number of easy-to-read street signs and the hiring, with federal money, of 25 traffic control trainees who now man Atlantic City's busy downtown intersections.

The big hotel operations own most of what has been coinsidered the prime land.

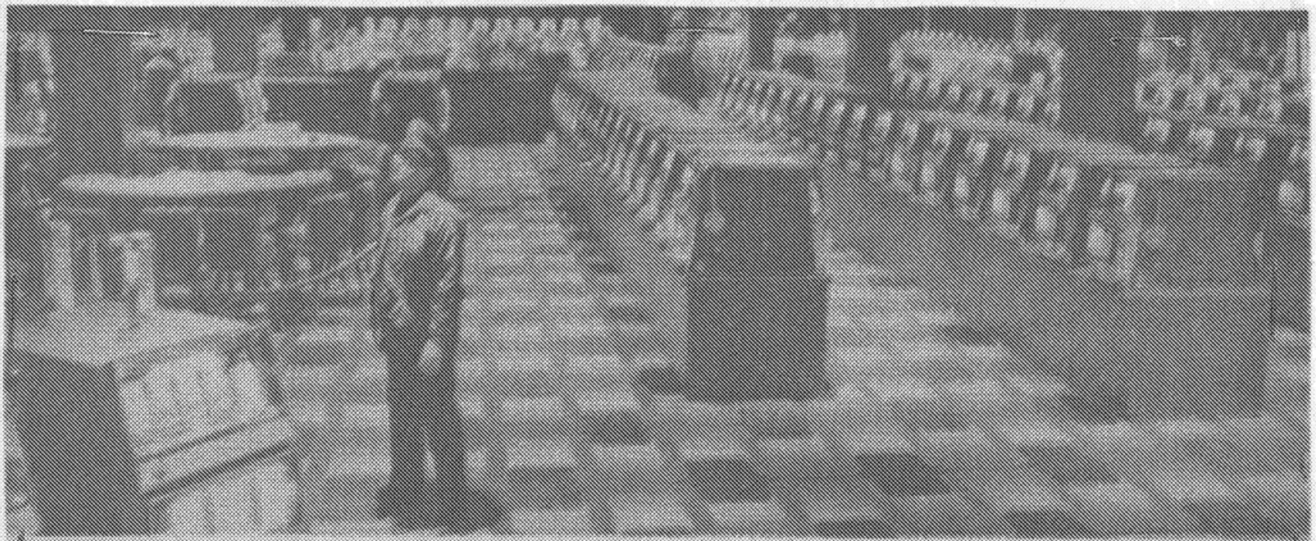
Bally, Penthouse Inc., Caesar's World, Inc. and Playboy Enterprises, each owns big chunks of prime Boardwalk property, most of it between Convention Hall, to the south, and Steeplechase Pier, to the north.

Resorts International appears to own much of the rest. Its booming hotel, the renovated Chalfonte Haddon Hall, dominates a big tract on the Boardwalk near Steel Pier and Resorts has a $250,000 non-refundable deposit for first purchase rights to a 56-acre tract of bulldozed land in the Inlet section along the Boardwalk, just above the point where most Boardwalk development now stops.

Resorts plans to build another casino hotel there. This summer, parts of that land, according to a Resorts spokesman, will be used for parking for 5,000 cars. Casino customers will be shuttled from there by bus or tram to the Resorts gaming complex.

Now no one knows what to expect when the dice start rolling. Already, crowds of curious press against railings to stare at the hundreds of gleaming slot machines and scores of felt-topped gaming tables that fill the first casino. But it is impossible to say just how many people will show up when the gambling starts.

"Here you're on a little island," says one cab driver who predicts chaos this summer. "In Vegas, they've got room, all the room in the world. Here, you're restricted to what's between the ocean and the bay. Only so many people can fit on an island."



Hundreds of slot machines await visitors at the Resorts International Hotel in Atlantic City.

Bulletin Photo by Jack Tinney

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

FBI report is cited by casino firm

By Harry Gould
Inquirer Staff Writer

TRENTON — In an attempt to blunt the impact of what is supposed to be potentially damaging disclosures by an anti-casino civic group, Resorts International Inc. revealed portions of a 1976 U. S. Justice Department memo here yesterday that purportedly clears the gaming firm of any ties with organized crime.

The memo, prepared for the Justice Department by the Miami office of the FBI, was read to the New Jersey Casino Control Commission, which is holding three days of public hearings on Resorts' request for a temporary gambling license.

Resorts' hopes of opening Atlantic City's first legal gambling casino the Memorial Day weekend is being challenged by the New Jersey Citizens Casino Surveillance Coalition, a group made up mostly of the remnants of religious groups that opposed the 1974 and 1976 referendums on authorizing casinos.

But Resorts, which has already threatened to sue the coalition for its attacks on the firm's integrity, decided to try to bolster its image by disclosing the FBI memo, which read, in part:

"A review of the files . . . reveals no indication that Resorts International, or Intertel Inc., a subsidiary (of Resorts International) have any ties with organized crime.

Intertel is Resorts' security and investigation subsidiary that operates around the world.

Discussed with SAC, NK 5/11/78

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FD-350 (Rev. 11-11-75)

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FBI Data Shows Resorts Says No Mob Ties

Trenton — (AP) — An internal memo by the FBI's Miami office says Resorts International Inc. has no connection with organized crime, the firm's attorney told the state Casino Control Commission here yesterday.

Joel A. Sterns, attorney for Resorts, which hopes to open Atlantic City's first legal casino in 2½ weeks, said the memorandum is "a significant document" that will help dispell rumors that the Florida-based conglomerate has had ties to the underworld.

However, Bill Williams, special agent in charge of the FBI's Miami office, said the memorandum only applies to organized crime files in Miami and cannot stand for other FBI offices.

Sterns revealed the FBI memo at the opening day of hearings into the firm's application for a temporary casino permit for its Resorts International Hotel & Casino in Atlantic City, the former Chalfonte-Haddon Hall hotel.

The single-page document, written in October 1976, was released by the FBI in Washington last Thursday under a Freedom of Information Act petition by Rolling Stone magazine, Sterns said.

Sterns said Rolling Stone sought the FBI documents in defense of a libel suit filed by Resorts. Rolling Stone said in a May 1976 article that Resorts once had ties to the Central Intelligence Agency.

The first paragraph of the memo, circulated by Sterns, states: "A review of the files of the Miami office of the Federal Bureau of Investigation reveals that there is no indication that Resorts International, or Intertel Inc., a subsidiary of Resorts International, have any ties with organized crime."

Sterns said he didn't know what prompted the FBI memo, but he noted that Resorts was the major contributor to New Jersey's casino referendum in 1976.

"We surmise that since 1976 was the year of the casino referendum, the FBI was interested in what was going on," he said.

But Williams, in a telephone inter-

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view, said the "letterhead memorandum" was prepared "for a law enforcement agency outside the United States because they had some concern about an affiliate of Intertel."

Intertel is Resorts' super-secret security subsidiary headed by Robert Peloquin, former head of the Justice Department's organized crime strike force.

Williams would not say which government requested the information, but he said it was not the Bahamas, where Resorts operates two casinos and owns four resort hotels.

Sterns said he revealed the FBI memo because of recent statements by the New Jersey Citizens Casino Surveillance Coalition that it had "damaging information" about Resorts. The coalition is largely made up of clergymen who opposed gambling in the 1976 referendum.

Coalition officials refused to reveal their information yesterday. It was unclear if they would testify later to-

Please Turn to Page 7

Continued From First Page

day or tomorrow.

Resorts called five witnesses including board chairman James M. Crosby, president I.G. (Jack) Davis Jr., and general counsel Charles Murphy. All testified to technical corporate aspects of Resorts' application.

Resorts also called Atlantic City Mayor Joseph Lazarow, who told the commission that "Resorts International's coming two years ago was a godsend to us."

Lazarow said it was "very, very important to us. . .that a temporary casino license be issued and issued promptly."

The mayor noted that Resorts' $40 million renovation of the former Chalfonte-Haddon Hall hotel was the only construction work in his city, where, he said, unemployment reaches 26 percent in the wintertime.

The commission unanimously approved three New Jersey men to serve as trustees for Resorts under the temporary casino permit law rushed through the Legislature in March.

The trustees are: John J. Francis of South Orange, a former New Jersey Supreme Court justice; Leonard Johnson of Princeton, recently retired president of the New Jersey Manufacturers Association, and William Marfuggi of Bernardsville, state treasurer from 1972 to 1973 and now president of the Victory Optical Co. of Newark.

The trustees, chosen by Resorts, take over the voting power of any shareholders found unfit by the state as it continues investigating Resorts for a permanent casino license.

Sterns said he would call five more company witnesses today. Then, commission counsel Joseph Fusco will give the commission staff's detailed recommendation on Resort's application.

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FD-350 (Rev. 11-11-75)

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Resorts' Slot Machines Checked by Police

By CHARLES LIBRIZZI
Bulletin Shore Bureau

Atlantic City — A team of inspectors from the state Division of Gaming Enforcement yesterday began checking the 893 slot machines Resorts International will have on hand when it opens its casino later this month.

The team of state police detectives and investigators working under the direction of Lt. Anthony De Masi, inspected nickel, quarter and dollar coin machines for the minimum 83 percent payout required by the state Casino Control Commission.

De Masi explained that a typical three-reel machine with 20 symbols on each real has a maximum 8,000 combinations. In theory then, for every 8,000 plays the player should get back 6,640 coins.

In practice, however, there are variables involved. A dollar play for example could result in a $300 jackpot — considerably above the minimum payout — and raise the odds against other players getting any of that minimum payout back during their turns.

"We check for randomness," said De Masi in giving another example of why any one player can't depend on getting that minimum 83 percent return. He said there are different methods of determining randomness, some of which are highly technical.

He said his team, whose exact number he declined to reveal, has had eight weeks training for inspecting casino equipment. De Masi also declined to state just when their inspections would be completed other than to say it would be in time for the casino opening.

He said if any machine is found to be defective "we'll have it corrected.

"These are mechanical things and it's just like your car, they do break down," he said, adding that periodic examinations by his team after the casino opens will see to it that such deficiencies continue to be corrected.

"We will be here 24 hours a day, seven days a week once casinos open," De Masi said.

He said the inspectors, identified by their badges, would be available to receive customer complaints about the gaming equipment and will also be on the lookout for "any violation of criminal statutes" including theft by the public, the dealer and croupier or a pickpocket.

"Pickpocketing," explained De Masi, "is prevalent wherever you have a crowd."

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FD-350 (Rev. 10-19-77)

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Atlantic City holding its breath today

By Harry Gould
and Burr Van Atta
Inquirer Staff Writers

ATLANTIC CITY — This is a day of decision for this city's dreams.

New Jersey's Casino Control Commission is expected to act today on an application from Resorts International for a temporary gambling license for its hotel casino.

If the application is approved, most observers expect a summer filled with traffic jams, free-spending crowds, booming employment and action — lots of action.

If the application is denied — unthinkable to most city officials — it will be another summer spent playing a game of patience, still waiting for the day when someone is licensed to begin the gambling era.

The five-member commission, which spent three days last week reviewing the casino's qualifications for licensing, will meet at 10 a.m. today for an inspection of the Resorts International Hotel.

Led by Chairman Joseph P. Lordi, commission members will check the physical facts of last week's testimony on the number and size of rooms, areas for gaming, adequacy of staff and preparations for play, including controls on cash that will flow across the tables.

The commission is to recess for lunch and reconvene its session in Convention Hall to hear closing arguments from those who testified during last week's hearings in Trenton.

Then comes decision time.

THE 'IFS'

If the commission decides to give Resorts a temporary six-month license — and the bets are that it will — that action does not mean that the casino automatically will be opened by the target date of May 26, the start of the Memorial Day Weekend.

The state's Division of Gaming Enforcement still must advise the commission on whether Resorts should be granted a permit to operate.

The amount of paperwork involved in granting that permit is enormous, and the control commission has not scheduled a meeting to vote on the operating permit until May 25, one day before Resorts hopes to open.

It will be a race against the clock, but again the bets are that Resorts will obtain what it needs.

The commission's decision on the temporary license was virtually telegraphed on the last day of the hearings Friday when Chairman Lordi ruled out all questions and statements about the integrity of those involved in Resorts' operation, holding the questions to be pertinent only when the application for permanent licensing is considered.

The first potential casino operator to get involved in Atlantic City, Resorts International, has been gambling for nearly two years on its ability to get a license. It has 893 slot machines in its hotel and 300 more on order; 80 gaming tables are being set up; the baccarat pit is finished and the roulette wheels are ready to turn with a whisper. In all, Resorts has spent more than $30 million to reno

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vote the old Chalfont-Haddon Hall.

As the Casino Control Commission tours the 560-room hotel, at the Boardwalk and North Carolina Avenue, and studies its security and traffic controls and parking plans, Resorts' school for dealers — located just across the street — will be preparing to graduate its first class, a group from which Resorts expects to hire about 400 persons.

The casino proponents are optimistic because of the criteria on which the application for temporary licensing is to be considered: Adequacy and readiness of the physical plant; acceptability of a voting trust which permits the state to exercise ultimate control of the casino until it is screened for permanent licensing; and acceptability of corporate disclosures on the background of those connected with Resorts International.

The limited criteria and the air of optimism apparent here have not discouraged the opponents of casino gambling, who have steadfastly battled legalization of gambling in Atlantic City since the first referendum in 1974.

The New Jersey Citizens Casino Surveillance Coalition, which attempted to raise the issue of integrity before the commission last week, is to appear today to make another effort to convince the commission that Resorts should not be licensed.

The coalition of civic groups used newspaper clippings and statements taken from official documents available to the control commission as the basis of most of its testimony at Friday's hearing.

Its principal effort was directed at challenging a portion of a memo prepared in the FBI's Miami office in 1976. The memo said that neither Resorts, a Florida-based corporation with hotel and gambling interests in the Bahamas, nor its security subsidiary, Intertel Inc., "has any ties with organized crime."

Investigations of efforts by organized crime to infiltrate Atlantic City's budding gambling industry, particularly Resorts International, are reportedly under way by FBI agents in Newark, Atlantic City and Philadelphia.

Results of those investigations, however, appear unlikely to play a role in the consideration of temporary licensing, under which Resorts could conduct its gaming for six to nine months while a fine-screen check is made of all of those interested in the firm, all of its officers and its employes. This is the key step in consideration for permanent licensing.

Under the state's gaming statutes, the Gaming Enforcement Division must within the next 10 days:

- Complete a background check on all those whom Resorts proposes to hire, complete licensing investigations on all firms that supply or service the hotel-casino and investigate the backgrounds of their employes.
- Investigate all contracts for goods and services for the hotel-casino.
- Insure that adequate internal controls and audit proecdures are in use for the heavy flow of cash through the casino.

State aides predict that the division will be able to complete the project, but with little time ot spare, to allow the casino era to begin by May 26.

FD-350 (Rev. 10-19-77)

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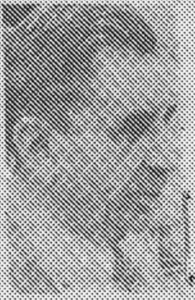
Mob Name Noted On Casino Stock

TRENTON (UPI) — A stockholder going by the name of "Meyer Lansky" is baffling Resorts International, which hopes to open the first casino in Atlantic City by the end of the month.

The name of the stockholder emerged yesterday when the attorney for Resorts said 20 shares of the company's stock were purchased in the name of Lansky of Miami, Fla. But no one at a Casino Control Commission hearing said they knew whether the shares belonged to the reputed financier to the Mafia — although they doubted it.



Lansky

"I don't know who this Meyer Lansky is or if it is the same Meyer Lansky," attorney Joel H. Sterns told the commission.

Whoever the stockholder is, he does not exactly have a controlling interest in Resorts. Sterns said the 20 shares were worth about $400. And when considered along with the 3 million shareholders, the Lansky stock represents less than one-tenth of 1 percent of the outstanding Class A stock.

THEY WERE PURCHASED in December 1977 and showed up in the first quarterly printout of Resorts stockholders, Sterns said.

Resorts wants to open its casino in Atlantic City by the end of the month.

"I can call Merrill Lynch in New York and buy 20 shares in the name of Meyer Lansky," he said, pointing out the probability of a hoax.

He pointed out that Las Vegas casino stocks were owned in the name of Meyer Lansky as well.

LAW ENFORCEMENT officials have identified Meyer Lansky of Miami Beach, Fla. as a financial genius whom they say during a 40-year period has taken Mafia money from illegal operations and reinvested it in profitable legal operations.

Sterns said that if the alleged mobster did own stock, Resorts could be ordered to remove Lansky as a stockholder, and the company would have to get a federal court order in Florida.

Commission Chairman Joseph P. Lordi said the stock in the Lansky name would not affect Resorts' request for a temporary, six-month gambling license.

THE COMMISSION will meet at 10 a.m. Monday in Resorts International Hotel to inspect the casino and the hotel itself.

Later the panel will decide whether to give a temporary license to Resorts, which has spent $40 million on renovations.

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Casino panel sets FBI memo aside

By Harry Gould
Inquirer Staff Writer

TRENTON — New Jersey's Casino Control Commission yesterday refused to give consideration to a 1976 FBI memo that said that Resorts International had no ties with organized crime.

The commission's decision came on the last day of public hearings on Resorts International's request for a temporary gaming license, which would allow the firm to open Atlantic City's first casino by Memorial Day. The commission is expected to announce its ruling on Monday.

The request to enter the memo, prepared by the Miami office of the FBI, into the record was made by Resorts' attorney Joel H. Sterns.

But commission Chairman Joseph Lordi said that the company's integrity was "not an issue at this hearing."

The commission has maintained that the basic issue in consideration of a temporary license is Resorts' ability to physically operate a casino.

Resorts had hoped to use the document to blunt what had been billed as "damaging" information on Resorts. But when that information was read into the record yesterday by the New Jersey Citizens Casino Surveillance Coalition, a group that is challenging Resorts' fitness to operate a casino, it caused little stir among commission members.

Sterns managed to get one paragraph of the FBI memo into the record on Wednesday, the opening day of the hearing, by reading from a section that said that neither Resorts nor its security subsidiary, Intertel Inc., "has any ties with organized crime."

Although the coalition had promised "damaging" information, the bulk of its revelations, as it turned out, were gleaned from newspaper clippings and official documents.

Wilbur Edwards, the citizens group's spokesman, also argued that the recently passed state legislation that allowed Resorts to apply for a temporary permit prior to a complete investigation was "defective" and said the coalition might challenge the law in court.

Robert Martinez, director of the State Division of Gaming Enforcement, whose agency is conducting the Resorts' background investigation, said of Edwards' testimony: "He has not brought anything new to our attention by virtue of anything he stated on the record here."

The hearing ended on a somewhat bizarre note when a Resorts official revealed that a Meyer Lansky had purchased 20 shares of the firm's Class A stock.

The name is usually associated with a man known to law enforcement officials as a longtime underworld financial czar and gambling kingpin.

Resorts officials said that they had no way of knowing whether the appearance of Lansky's name on a recently acquired list of stock owners was "real or a hoax," said Robert Peloquin, president of Intertel.

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Casino Panel Readies First Permit Decision

ATLANTIC CITY (UPI) — Resorts International, Inc., hoped to clear a major hurdle today in its attempt to open the first gambling casino east of Nevada before the Memorial Day weekend.

The New Jersey Casino Control Commission must decide today whether to issue a temporary casino permit to the firm, which operates two casinos in the Bahamas.

Under a special law pushed through to allow casino gambling to begin this summer, the commission must reach a decision within 42 days from the time an application for a temporary permit is submitted.

The commission members inspected Resorts' casino and 566-room hotel this morning and will meet in Convention Hall to make their decision.

It is unlikely the panel will deny the permit. But the commission could decide to attach conditions, such as requirements that Resorts complete repairs, start preparing a permanent parking plan and review its fire safety measures.

Even then, the road may not be entirely clear to introduce legal gambling to Atlantic City.

Before its casino can open, Resorts also will need a certificate of operation, which may not be granted until May 25 when casino accounting controls are approved.

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Resorts gets permit to open casino

By Harry Gould
Inquirer Staff Writer

ATLANTIC CITY—Get out your horseshoes and rabbit's feet—casino gambling here is nearly ready to roll.

After four days of hearings, Resorts International Hotel was granted a temporary gaming license yesterday by the New Jersey Casino Control Commission. The firm now needs only an operating certificate to officially open the gambling era on May 26.

Indications are that the commission will be ready to furnish the operating certificate to Resorts with a day to spare, barring last-minute hitches.

The temporary gaming license was the first major hurdle in getting the slot machines turning and the tables busy by Memorial Day weekend.

The commission's unanimous vote brought a burst of applause from the spectators at Convention Hall.

"Thank God!" bellowed one spectator shortly after the vote. "Amen!" chanted another.

The six-month license will become effective on the day Resorts is awarded the certificate of operation.

That is expected on May 25, the day before Resorts' target for opening day which cannot be made until the hotel's 1,300 employes are licensed by the State Division of Gaming Enforcement.

The casino's internal financial controls and audit procedures also must be tested and approved by the commission.

Robert Martinez, the division's director, said that, despite the large volume of paper work involved, prospects for completing the employe licensing investigations and other related tasks by May 25 "are getting better and better."

Martinez added that 800 Resorts employes had already been investigated and nedeed only the commission's final approval for licensing.

Although the general public must wait until at least May 26 for a piece of the gambling action, a five-day series of "test runs" approved yesterday by the commission will provide an earlier preview of gaming for a limited number of invited hotel patrons.

The test runs will begin tomorrow and last through Sunday.

A limited number of civic and charitable organizations, specifically asked by Resorts International, will provide the gamblers. Play money will be used.

Slot machines will not be used the first two nights, but will be available to the invited gamblers on Friday, Saturday and Sunday. Real money will be permitted in the slot machines, and the wagerers may keep their winnings, Casino Control Commission Chairman Joseph P. Lordi said.

The commission and its staff began the day yesterday with an inspection tour of the Resorts International Hotel, formerly known as the Chalfonte-Haddon Hall, to verify that more than $30 million in renovations met specifications of the Casino control Act.

There was another reason, too.

"We wanted to see for ourselves what the building looked like, rather than just look at naked plans," Lordi said.

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Dice Carry Hopes for Bright Future

By ED RADEMAEKERS
Of The Bulletin Staff

Atlantic City — Beyond the velvet ropes, the residents of this tired old city believe they discern a golden future.

The ropes are stretched across the entrance of what will soon be the only legal gambling casino on the East Coast.

It's expected to happen in just 10 days.

The New Jersey Casino Control Commission yesterday virtually assured a May 26 opening of the Resorts International Casino, located in the old Chalfonte-Haddon Hall Hotel, by unanimously approving a temporary casino license.

For weeks, passersby on the Boardwalk have been gawking into the shadows beyond the velvet ropes, trying to imagine what it will be like when the roulette wheels are spinning, the one-armed bandits clattering, the dice rolling and the cards skimming across plush tables.

The almost unanimous belief here is that casino gambling will raise this broken and poverty-scarred resort from a city on the brink of ruin to a swinging metropolis luring free-spending high-rollers from all over the East.

There is still a mound of paperwork the casino commission has to clear, including the issuance of 1,300 licenses to hotel and casino employes.

Resorts still needs a certificate of operation before it can drop the velvet ropes, but the casino commission is expected to issue that on May 25. The temporary license, granted after four days of hearings, was viewed as the last big hurdle.

After yesterday's vote, Resorts attorney Joel Sterns said the casino could open within an hour after receiving the certificate of operation.

Robert Martinez, director of the state Division of Gaming Enforcement, called that "impractical" and said an opening the following day, a Friday, is more likely.

Limited gambling will begin before that, however.

The commission also approved, at Martinez's request, a series of "play nights," starting tomorrow, that will ~~serve as a~~ "shakedown" run for the casino, its 350 dealers, pit bosses, security personnel and state inspectors.

The play nights will also serve as charity events. They will be by invitation only.

Patrons at these charity events will use fake money at the gaming tables, Martinez said. But the slot machines don't accept slugs, so gambling on those will be for real.

"We couldn't figure out a way for people to use the casino's money. They'll have to use their own," Martinez said.

Play nights are scheduled for Wednesday through Sunday.

While plans were still tentative, Resorts officials said they would invite civic leaders to one play night. Another is supposed to benefit the Atlantic Performing Arts Center and another will be for union members.

There will be 700 people at each of the two weeknight events. Two thousand will be invited to the weekend sessions.

Resorts is also planning a ceremonial dinner for the night before the casino opens. Governor Byrne is expected to attend that affair.

Martinez said the idea for play nights originated with his office and not at the request of Resorts. After the last play night, state inspectors and Resorts officials will spend the next few days "working out the bugs," Martinez said.

Even with the practice that the novice dealers get from these play nights, Martinez said he does not expect the opening night to run without a hitch.

"Undoubtedly, the first high-roller will lay down some real money and some of them will clutch," Martinez said.

Of equal worry to Casino Control

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Commission members and city officials is the traffic that the casino will draw.

Resorts attorney Sterns recalled the monumental traffic jam that accompanied the opening of the Meadowlands Sports Complex in North Jersey where, he said, "for the first few days cars were crashing through barriers. But it settled down.

"Nobody can tell you what will happen on opening night," Sterns said.

The casino opening coincides with the Memorial Day holiday, when motorists bound for South Jersey shore points jam major highways.

Once inside the city, Resorts customers should have no trouble parking, Sterns told the commission. The hotel has 4,800 parking spots, and the private parking lots in the vicinity bring the total to about 8,600, he said. The casino can handle about 8,000 customers and the hotel has 504 rooms.

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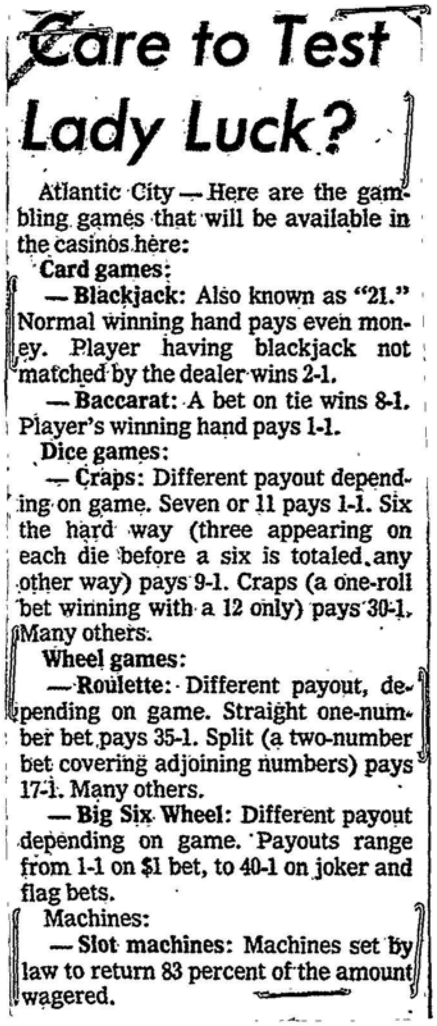

Care to Test Lady Luck?

Atlantic City — Here are the gambling games that will be available in the casinos here:

Card games:

— **Blackjack:** Also known as "21." Normal winning hand pays even money. Player having blackjack not matched by the dealer wins 2-1.

— **Baccarat:** A bet on tie wins 8-1. Player's winning hand pays 1-1.

Dice games:

— **Craps:** Different payout depending on game. Seven or 11 pays 1-1. Six the hard way (three appearing on each die before a six is totaled any other way) pays 9-1. Craps (a one-roll bet winning with a 12 only) pays 30-1. Many others.

Wheel games:

— **Roulette:** Different payout, depending on game. Straight one-number bet pays 35-1. Split (a two-number bet covering adjoining numbers) pays 17-1. Many others.

— **Big Six Wheel:** Different payout depending on game. Payouts range from 1-1 on $1 bet, to 40-1 on joker and flag bets.

Machines:

— **Slot machines:** Machines set by law to return 83 percent of the amount wagered.

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Casino Plans Dry Run

ATLANTIC CITY — The dealers will be dealing and the wheels of fortune spinning at Resorts International's gambling hall later this week, but it's only a dry run to ready the casino for its grand opening.

The Casino Control Commission has unanimously decided to issue a six-month temporary casino permit to Resorts, which wants to open the first casino east of Nevada by the end of the month.

The 5-0 vote was taken during a lengthy Convention Hall hearing yesterday after commission members toured Resorts' hotel and casino.

THE TEMPORARY permit will be effective when the commission issues an operating permit. Robert Martinez, director of the Division of Gaming Enforcement, said this was possible on or about May 25.

"I feel very pleased with the decision," said James Crosby, Resorts board chairman.

The commission also approved Martinez' suggestion that the casino open this week to invited guests using play money. Martinez said the dry run would allow dealers to prepare themselves for actual casino operations.

Resorts will invite 700 guests to the casino from 6 p.m. to midnight tomorrow and Thursday, and 2,000 guests from 4 p.m. to midnight Friday, Saturday and Sunday. The weekend opening will use play money on the roulette, baccarat and crap tables, but will allow real money in 893 slot machines.

THE PERMIT is being issued on the condition that Resorts meets several qualifications, including providing information on some employes and a subsidiary, giving the commission an economic impact study on patrons, employes and service industries, and another study on how the casino operation will affect area housing.

Joel Sterns, Resorts' lawyer, said the company would comply with all conditions.

During the Convention Hall hearing, the commission decided Resorts complied with all regulations requiring minimum square footage in the casino, public meeting areas, dining, entertainment, sports and sleeping rooms.

RESORTS, WHICH spent more than $40 million renovating the former Chalfonte-Haddon Hall, said it had 504 sleeping rooms which meet state regulations.

Sterns said the firm would try to open on the evening of May 25 "to get the bugs out" before Memorial Day weekend. However, Martinez said that since the commission was meeting that day to vote on the operating permit, opening on the next day would be more practical.

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Resorts International showgirls take a break during rehearsal

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N.J. Rep Charges Casino Conflicts

TRENTON (UPI) — Assemblyman Kenneth A. Gewertz (D., Gloucester), under investigation for alleged conflict of interest involving slot machine sales, charged yesterday that two Atlantic County legislators also appeared to be guilty of unethical conduct.

Gewertz made the charges against Republican Assemblyman William L. Gormly and Democratic Sen. Steven P. Perskie after his appearance before the Joint Ethics Committee.

THE PANEL IS probing charges that Gewertz held a 25 percent interest in a firm selling slot machines to Resorts International when he chaired a legislative oversight committee on casino gambling.

Gewertz, 43, emphasized he was not charging Gormly and Perskie with specific conflicts of interest, but, like himself, the two lawmakers "appeared" to be involved in unethical conduct.

He said Gormly, a lawyer, represented the engineering firm of Kissene and Leddy, which, Gewertz said, owns an Atlantic City tract.

"If he is not in direct conflict," Gewertz said, "he certainly has that appearance."

He said several of Perskie's clients have leases with Resorts, and that the senator also received campaign contributions from his former law firm, one of whose partners was nominated for a judgeship.

Both Gormly and Perskie denied the charges, saying they never have represented firms in connection with casino gambling.

During his appearance before the Ethics Committee, chaired by Sen. Charles Yates (D., Burlington), Gewertz again contended he was not involved in a conflict of interest by holding a 25 percent interest in SEG Casino Sales Co., which was planning to sell $200,000 in slot machines to Resorts.

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Lady Luck's Smile Brightens AyCee Faces

Special to the Daily News

ATLANTIC CITY — The walking tour of the Resorts International hotel by the Casino Control Commission was something akin to a team of realtors showing off a major property to prospective buyers who feared that asking questions or showing enthusiasm might boost the price.

Commissioner Albert Merck of Mendham was the exception to the Sphinx-like demeanor of fellow commissioners. Whenever he arrived at a new area he asked, "Is this usable public space?"

Merck's main concern, apparently, was whether the hotel was measuring up to minimum non-casino space requirments.

RESORTS HAD its best salesman in charge, H. Steven Norton, a 36-year-old vice president, who many believe is the real godfather of the organization. Norton was brought up from the Paradise Island casino in the Bahamas, where he is still general manager, to take on the job of getting the Atlantic City license and his efforts have impressed many.

The entourage passed through the Pennsylvania Room, now called the "Superstar Theatre," just as a group of 24 showgirls went into their acrobatic routine, rehearsing for the Edye Gorme and Steve Lawrence opening.

Still deadpanning, but with many a sideward glance, the commissioners marched through the legs without comment.

With some exceptions, like the 10th floor with its mirrored ceilings and pastel decor, the rooms were not the swank chambers most people expect in a casino hotel. Norton said the tone was kept down intentionally "over the decorators' protests."

WHEN COMMISSION Chairman Joseph Lordi was asked what he thought of the rooms, he commented that "considering it's an old hotel, they've done a good job, but we're not here to comment on taste and decor — only the readiness of the hotel for a license."

Resorts Board Chairman James Crosby said he was "gratified" when the temporary permit was awarded. "They've done a lot of work and they are to be commended," he said of the commissioners. Angelos Demetriou, the city planner who is masterminding the plan, said the city can handle this casino and those to come in stride because "while they looked like monsters, they will be coming singly and can be tamed."

Henry Goldsmith, Playboy International executive handling the local project for the company, said the license award "is good news because it makes it easier now for the rest of us."

BUILDING TRADES workers, notified by their leaders, Anthony Rich and James Brennan, that the permit was in the bag, immediately threw a champagne party.

Myrtle Frank, a theater chain owner's wife who was hanging around the lobby, said she celebrated by buying some Resorts International stock, which went up two points yesterday.

James Briles, a Toronto bookkeeper who landed a job for Resorts, sent a telegram to his wife: "Come on down; it's in the bag."

Dolores Cherniak, a senior citizen living in a Boardwalk apartment who sat through the daylong hearing and tour, said, "The license came 50 years too late for me, but I'll be at the slots opening day."

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Members of Casino Control Commission (from left) Joseph Lordi, Prospero deBone, Alice Corsey and Kenneth MacDonald inspect Resorts gaming table

FD-350 (Rev. 10-19-77)

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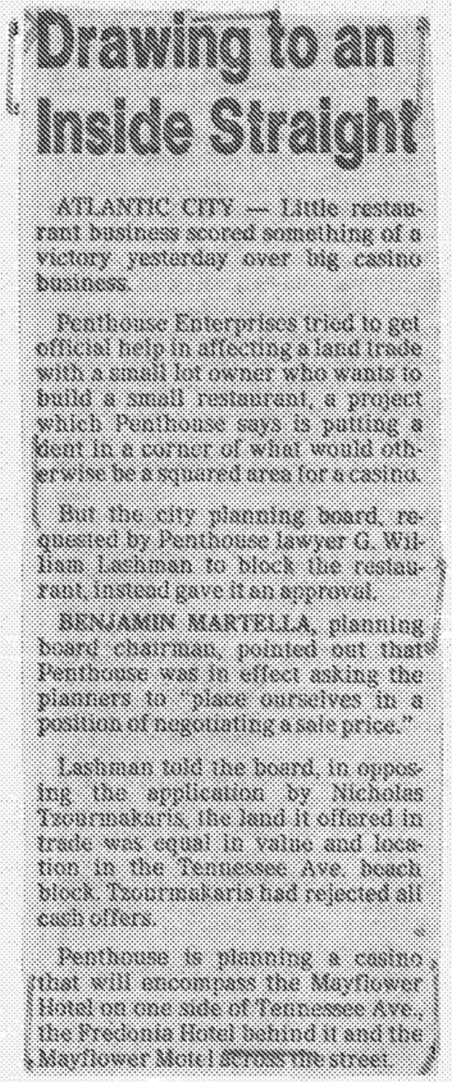

Drawing to an Inside Straight

ATLANTIC CITY — Little restaurant business scored something of a victory yesterday over big casino business.

Penthouse Enterprises tried to get official help in affecting a land trade with a small lot owner who wants to build a small restaurant, a project which Penthouse says is putting a dent in a corner of what would otherwise be a squared area for a casino.

But the city planning board, requested by Penthouse lawyer G. William Lashman to block the restaurant, instead gave it an approval.

BENJAMIN MARTELLA, planning board chairman, pointed out that Penthouse was in effect asking the planners to "place ourselves in a position of negotiating a sale price."

Lashman told the board, in opposing the application by Nicholas Tzourmakaris, the land it offered in trade was equal in value and location in the Tennessee Ave. beach block. Tzourmakaris had rejected all cash offers.

Penthouse is planning a casino that will encompass the Mayflower Hotel on one side of Tennessee Ave., the Fredonia Hotel behind it and the Mayflower Motel across the street.

(Indicate page, name of newspaper, city and state.)

P2A "Philadelphia Daily News"
Philadelphia, Pa.

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FD-350 (Rev. 10-19-77)

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Atlantic City Casino Warms Up With Betters Using Fake Money

By JAMES F. CLARITY

Special to The New York Times

ATLANTIC CITY, May 17—Gambling at the green tables of the Resorts International Hotel began tonight, but neither genuine high-rollers nor born losers were present. Fake money was used, and winning and losing were only states of mind.

The gambling was Resorts' first dry-run operation of its casino, which is expected to open for real bettors on May 26. Tonight the several hundred "customers" who had been invited to the practice were off-duty hotel employees and their families, casino dealers and dice handlers and their friends, and hotel guests. The general public was not invited.

Dealers Dressed for Work

Though these practice sessions without legal tender will continue for the next four nights, the management can start counting its first take Friday, when slot machines will go into play. Because the machines do not accept slugs, real nickels, quarters and silver dollars will have to be used. The machines are supposed to be set so they will return an average of 83 cents for every dollar they take in—or, from the house point of view, keep 17 percent of the money dropped.

As the casino's newly trained card dealers and dice handlers (also called dealers here, not croupiers) prepared for their first work with strangers tonight, they appeared confident and natty. The men wore black suits, white shirts and black butterfly bow ties. The woman dealers wore white blouses and black slacks.

Three young men dealers standing outside the casino, which was dimly lighted inside except for the tables, said they still had not been told by Resorts how much their salary would be. They had heard that dealers in some casinos in Las Vegas made as much as $50,000 a year, mostly in tips. Were the new gamblers nervous? "Nah," said one. "We're ready for 'em. Bring 'em on."

As the casino prepared for opening day, the hotel at times seemed like the set for a Marx Brothers movie. A woman employee inside the thick doors of the red-velvet French restaurant, Le Palais, told a curious female nonemployee that she could not peek in. A young woman walked by, pushing a stroller with an uninterested looking child slouching in it. Two workmen pushed empty wheelbarrows through humbly non-pushers.

By an elevator, Ellen L. McCluskey, who has designed rooms at the Regency and Plaza Hotels in New York, was finishing an inspection of her newly achieved color concepts in some of Resorts's 501 rooms.

A Warm Decor Used

Noting that Resorts, which is on the Boardwalk overlooking the Atlantic Ocean, will be open all year, she said: "I thought of people looking out the windows at the ocean in cold winter, and that's why everything inside is gay and warm." The basic colors of the rooms, which have batik draperies and abstract paintings on the walls, are coral, blue and leafy green, the designer said.

In the Superstar Showroom, Tibor Rudas was directing a rehearsal of an opening-night dance number called "Boardwalk." Four male dancers moved across the stage and swung to moved across the stage and were sent summarily back to the wings for lagging behind their cue, a taped version of "On the Boardwalk in Atlantic City."

Then there was confusion about the lifting of young women dancers onto a platform. "After the rehearsal," Mr. Rudas said, "remind me to teach you how to handle girls."

Some of the women giggled.

"Believe me, you'll enjoy it," Mr. Rudas added.

(Indicate page, name of newspaper, city and state.)

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The New York Times/Jack Manning

Dealers getting final instructions as Resorts International Casino prepared for opening in Atlantic City

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

A dry run for the casino era

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Sidney Perkins leaned against the green felt craps table, a stack of more than 40 five-dollar chips filling the wooden tray in front of him, six $100 bills—fake, unfortunately—folded up in his jacket pocket.

"I'm playing this like I would if it was for real," said Perkins, 58, of nearby Margate. "I started out with $25. Now I've got over $800. My adrenalin's going just like it was for real. The only difference is, if this was for real I wouldn't be talking about it, I'd be playing some more."

They came in mink stoles and black ties and jeans and sweaters, young and old, rich and poor, looking for a chance to flirt with Lady Luck —the new queen of this South Jersey resort.

And it didn't cost them a thing.

Resorts International, which hopes to open the East Coast's first gambling casino here next week, gave a sneak preview of its operation last night to a selected and fortunate few. The test run — the first of five that will be held through Sunday night — attracted about 700 invited guests, as well as several dozen reporters, television crews and cameramen.

Last night's "gamblers" — off-duty hotel employes, members of their families and registered hotel guests — were given a small stack of fake five-dollar bills when they entered the lavishly decorated casino. They were greeted by more than 100 tuxedo-clad dealers and croupiers, most of them smiling nervously.

Blackjack, craps, roulette, Big Six and baccarat were the games for the night, which began at 6 p.m. and ended at midnight. The same routine will be repeated tonight.

From tomorrow through Sunday nights the casino will be open — again, for invited guests only — from 6 p.m. to 2 a.m., with the added attraction of almost 900 slot machines offering the chance to win — and lose — some cold cash.

The slots cannot take slugs. The only way to determine whether they work — one of the reasons for the test runs — is with real nickels, quarters and silver dollars, provided by the guests.

The casino cannot open until the shakedown cruise, closely supervised both by Resorts officials and by members of the New Jersey Division of Gaming Enforcement, is completed.

Resorts was granted a temporary casino license Monday and hopes to have its certificate of operation approved when the State Casino Control Commission meets next Thursday.

(Indicate page, name of newspaper, city and state.)

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Resorts hopes to officially open the casino either that night or the next day — in time for Memorial Day crowds.

"We think we'll be jammed like this every night this summer," an obviously pleased Resorts vice president Saven Norton said as he surveyed the casino two hours after it opened last night. "So far everything has gone rather smoothly."

Out on the casino floor a lighthearted, almost party-like atmosphere prevailed as the "gamblers" roamed the carpeted floor, stopping to bet at any one of the 60 blackjack tables, 10 craps tables, 10 roulette wheels, three Big Six wheels or the three tables in the elegant baccarat pit.

"I dropped 240 bucks, but it's been a lot of fun," said Thomas Cestare of Valley Stream, N.Y., as he stepped away from the craps tables. "When you lose, you just go ask for some more money."

That, of course, will change when they start playing for real.

But the tempo that was established on the casino floor last night—the rhythmic spinning of the roulette wheels, the cadence of the stickman at the craps ("Place your bet, place your bet, a new shooter's comin' out") and the as-yet-to-be-heard jangle of the slot machines—that is the beat of the new Atlantic City.

"At first there's going to be a lot of confusion and chaos," said Sidney Perkins, whose son, Harvey, is a Resorts dealer, as he prepared to roll the dice again. "But in 10 years you won't recognize Atlantic City. It'll be the queen of resorts again. You could make book on that."

Philadelphia Inquirer / GERARD C. BENENE

High rollers for a night — and none of them could lose, since all of the money was fake

At the blackjack table: Practice for employes

(Rev. 10-19-77)

(Mount Clipping in Space Below)

He makes straight pass

By using the Stuart Mendleson, absolutely-guaranteed, no-way-it-can-possibly-fail, all-purpose gambling system, as I write this story, I am $48 ahead.

The system is simplicity itself — I merely go to any table with a good-looking woman.

Gail Biddle of Atlantic City, a blackjack dealer, was my first lure. Miss Biddle, who admitted to being "nervous," gave me a king and a 10 on my first deal, which beat heck out of her 17.

Then it was over to the roulette table, where a good-looking brunette was the croupier. I put $5 on even, and even it was.

My system really proved its worth when blonde Phyllis Sluka of Lynwood, N.J., dealt me three straight blackjacks in a row. Blackjack is supposed to pay 1½-to-1 odds, but Miss Sluka, who admitted to being "just a little nervous," paid off at 3-to-1 odds by mistake.

Her boss, however, took it well.

"That's what we're here for tonight," he said. "To get rid of the errors."

Joan Keating of Absecon, N.J., proved my point about beautiful girls and good luck as she won $5 at craps.

Asked how she did it, she replied, "I don't know. I just roll the dice. I don't really understand the rules."

Another attractive woman, this one a redhead who gave me a dirty look when I asked her her name and home town, proved that woman are lucky at craps. She made four straight passes — the odds against that are astronomical — and then I won by betting $10 on her the next time she rolled.

I tried making one straight pass at her and failed.

(Indicate page, name of newspaper, city and state.)

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UPI photo

Using funny money, employees of Resorts International's Hotel got their first chance to "gamble" last night as part of a five-day dry run.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

They bet funny money at dry run

By Stuart Mendelson
Journal Reporter

At 6:05 last night, a bell rang and the first New Jersey casino opened — although only funny money was used.

In its first practice run, Resorts International hosted several hundred people, all armed with play money handed out at the casino door.

Blackjack, roulette, craps, baccarat and wheel of fortune tables were all in full operation. The slots were not used, but startilng Friday night they'll be grinding away for real.

Watered drinks

The casino will offer free drinks when the gambling begins — sometime later this month — but last night mini-skirted cocktail waitresses offered only booze as phony as the money — plain water.

Supposedly, last night was by invitation only, chiefly casino employees, their families and hotel guests. Other groups, such as local merchants and city employees, will play later in the week.

Gate crashers

However, several people decided to crash the gate and were given the phony money without any questions.

Resorts International, previously known as the Chalfonte-Haddon Hall, has been redone completely.

The boardwalk hotel has over 1,200 slot machines, 80 gaming tables and what its operators say is the "largest baccarat pit in the United States."

Included with the gambling are several restaurants aimed at taking your money as quickly as a croupier.

Parking in Atlantic City is also aimed at emptying your wallet. Many of the lots which used to charge $2 a day are now up to $2 an hour.

(Indicate page, name of newspaper, city and state.)

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FD-350 (Rev. 10-19-77)

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Dice Roll in Shore Dry Run

By MARIA GALLAGHER

"Come bettors! Field bettors now, please! All bets down. No more bets, no more bets. Dice are rolling . . ."

Surf city rollers, high and low, turned out to pack the new Resorts International Casino in Atlantic City for last night's first trial run, the first of five simulated gaming nights.

About 700 persons — off-duty hotel employes, members of civic and charitable organizations and hotel guests — frittered phony money away from 6 p.m. to midnight, giving the 500 recently trained dealers and 200 supervisors their first taste of gaming, New Jersey-style.

THE 893 SHINY SLOT machines, beckoning with upraised arms and rainbow colors, were idle opening night. However, the 2,000 persons expected this weekend will be able to feed real quarters and greenbacks to the one-armed bandits from 6 p.m. to 2 a.m. Friday through Saturday. Play money will still be wagered at the baccarat, craps and roulette tables until the magic Memorial Day weekend inaugural.

The test runs are necessary, as one Resorts attorney put it, to "get the bugs out," before gamblers start playing for keeps. Nearly all is "go" for the start: New Jersey's Casino Control Commission Tuesday granted Resorts a six-month temporary casino permit, effective as soon as an operating permit is issued. The operating permit is expected to be issued at the commission's May 25 meeting.

Outside the Resorts International Hotel, which was once the Chalfonte- Haddon Hall, the roar of the buzzsaw and the surf echoed down the Boardwalk as hurry-up construction of the new Atlantic City raced ahead. Inside the orange and chrome casino, amateur winners and losers chain-smoked amid the click of chips and charm bracelets, the sparkle of diamonds on male and female hands, a cultured mink and a brocade tuxedo jacket or two.

"Six! Easy six, big and red six in the corners!" chanted the craps dealer as losing chips were swept away.

Young and old alike were mystified by the maze-like craps field, but croupiers patiently explained rules to the puzzled.

"I cut the rules for playing this out of the paper," an elderly bettor told her companion. "I still don't get it."

"SIX DOLLARS WOULD be a better bet, sir," a tuxedoed casino employe advised a man laying a fake five-spot "come" bet.

"Five gives you five back. Six gives you seven."

The man nodded and added a $1 chip.

Archie Thomas, of Pleasantville, was among those playing craps and learning at the same time. He was betting "six the hard way — two threes on the dice" and losing.

"But I like the game," insisted the 28-year-old shoe salesman. He plans to visit the casino as much as possible."

(Indicate page, name of newspaper, city and state.)

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Carol Miller, a 35-year-old hairdresser, also from Pleasantville, was faring better. "I'm winning!" she exulted, though she wasn't sure how much. She studied a generous handful of $5 chips. "I'll figure it out when I get home," she said.

Some were as overwhelmed by the hotel as the casino.

"ISN'T IT gorgeous?" commented Mrs. Rose Arnold, of Brigantine. Mrs. Arnold remembered the old Chalfonte-Haddon Hall Hotel. Her late brother, William Olson, was manager several years ago. "They really have incorporated the old and the new," she said approvingly. Two of her children will be working in the casino — Jay, 31, at craps, and Laure, 25, at roulette.

The baccarat tables drew an especially confused group to their plush, red-carpeted corner with mirrored walls and ceiling and three chandeliers.

"They're still learning to gamble here in New Jersey," said blackjack dealer Barrie Hanson, 30, who moved from Washington six months ago so he could attend Resorts' training program.

Some dealers also were still learning the finesse of their new trade the first night. One young woman's hands impeccably manicured for the public eye, trembled as she cut cards.

In just over a week, she will be handling several thousand dollars every night.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Millions Bet at Casino-For Fun

By JOHN FUCHS
Bulletin Shore Bureau

Atlantic City — "Place your bets please," the dealer said, giving the roulette players their final warning, then sliding the silver ball into the spinning wheel.

Two women watched intently and anxiously as the ball whirled and bounced three times, coming to rest a loser.

"Money doesn't grow on trees," sulked the blonde. "Only tonight, honey," replied her friend, a brunette. They both giggled.

Thousands of people bet $1 million in play money last night as Resorts International Casino opened for its first trial run.

The invited guests and curious onlookers laughed and frowned, cheered and snarled, but they didn't lose any money. Most said they would return to win some.

They came in blue jeans, three-piece suits, dresses with necklines plunging to the waist. They ranged from conventioneers to nuns, from state senators to a three-month old baby.

While the baby, Jessica Taylor of Ocean City, promptly fell asleep, most of the crowd feverishly joined the action at the 60 blackjack tables, the 10 craps tables, the 10 roulette wheels, the three Big Six Wheels and the three baccarrat tables. The 900 slot machines will be idle until Friday.

The play money went quickly — betters couldn't get any more after 8:30 P.M., two-and-a-half hours after opening. But the play continued for hours.

The dry run was suggested by the state Casino Control Commission to help it and the casino get ready for the formal opening.

The dress rehearsals will continue nightly, starting at 6 P.M., by invitation only, until the official opening.

The commission is scheduled to decide next week whether to permit Resorts to open on May 26, the Friday of Memorial Day weekend.

"I can't wait until it's real," said Resorts President I.G. (Jack) Davis, surveying the crowd.

Neither could Joseph Meringolo of New York City, who was winning handsomely at blackjack. At one point, he had parlayed $20 in play money into $300 in chips.

Meringolo proudly recalled how he won $1,000 in Las Vegas one evening while his wife was getting dressed for dinner. Last night, he wished he could have bet more than the $25-a-hand limit that prevented him from repeating his feat.

Meringolo, like many others, said the Resorts Casino reminded them of Las Vegas, but there were some drawbacks.

The most frequent complaint was that the 350 dealers, who had just finished school, were too slow. "I think they have a lot of learning to do," said Thomas Hinmen of Wilmington.

The dealers readily acknowledged that they were green, but they said they built up confidence quickly once they got working.

"I was very nervous at the start," said Marianne Bayer, a 24-year-old Brigantine blackjack dealer.

"But as soon as I got started, the people made me relax." Lowering her voice, she added: "Some of these people didn't notice my mistakes."

The crowded conditions inside the casino — about two-thirds the size of a football field — were mildly annoying to some.

Betters who wandered among the frequently jammed tables had to be careful to avoid bumping into each other.

Despite this, most players said they would be back. Atlantic City, after all, is closer than Las Vegas.

"It's going to be a winner," said Meringolo, counting his stack of $25 chips.

(Indicate page, name of newspaper, city and state.)

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Bulletin Photo by B. Vartan Boyajian

Players gather around a baccarat table during the trial run at the Resorts International Casino.

FD-350 (Rev. 10-19-77)

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Casino Test Runs to Start

Atlantic City — (AP) — Casino gambling starts tonight in Atlantic City.

But it's only for fun. Paper money will be used to give Resorts International Casino, which expects to open for real gambling May 26, a sort of trial run.

Casino officials labored over an invitation list yesterday, trying to decide who will get to play roulette, craps, blackjack and other games with the house's fake money.

"I'm sure we can fill up the casino if we open the doors," said vice president Steven Norton. "But right now it's by invitation only."

After voting unanimously to grant a temporary casino permit Monday, the New Jersey Casino Control Commission consented to five nights of "test runs" in the casino to ease the nervousness of 300 inexperienced dealers and state inspectors.

Resorts International Hotel and Casino still needs a state certificate of operation before real money is used with the public. State officials expect to grant the certificate next Thursday, clearing the way for the real gambling to begin the following evening.

Governor Byrne has been invited to open the casino officially next Thursday night or Friday, said Joel Sterns, Trenton attorney for Resorts. The governor would stay in the hotel Thursday night, he said.

"We're sure he will come," Sterns added.

State legislators also may be invited to the opening, he said.

Under commission decree, up to 700 invited guests will be allowed in the casino for six hours beginning at 6 tonight and tomorrow. They will use play money on the casino's 60 blackjack tables, 18 craps tables, 18 roulette wheels, three baccarat tables and three big six wheels.

On Friday, Saturday and Sunday nights, up to 2,000 guests will be allowed to use fake money at the tables for eight hours from 6 P.M. to 2 A.M.

The casino's 879 slot machines are to be "tested" over the weekend and patrons will be allowed to pump their own nickels, quarters and dollars into the slots for keeps. Slot machines do not accept slugs.

Resorts officials said the Atlantic Performing Arts Center will benefit from Saturday's practice night. Tickets for the benefit night are being sold for $100 each.

On Sunday night, members and supporters of the Committee to Rebuild Atlantic City will have the run of the casino. The group of area officials and businessmen raised $1.3 million to support the 1976 referendum that legalized casinos here.

The commission will meet again Monday to vote on the license applications of about 1,280 casino and hotel workers investigated by the state Division of Gaming Enforcement.

Before issuing a certificate of operation next Thursday, the commission will vote on complex internal accounting controls for all casinos, minimum and maximum bets in Resorts' casino and those key Resorts employes still without state licenses.

The Casino Control Act passed last year requires that no operation certificate be issued until "the casino is prepared in all respects to receive the public."

(Indicate page, name of newspaper, city and state.)

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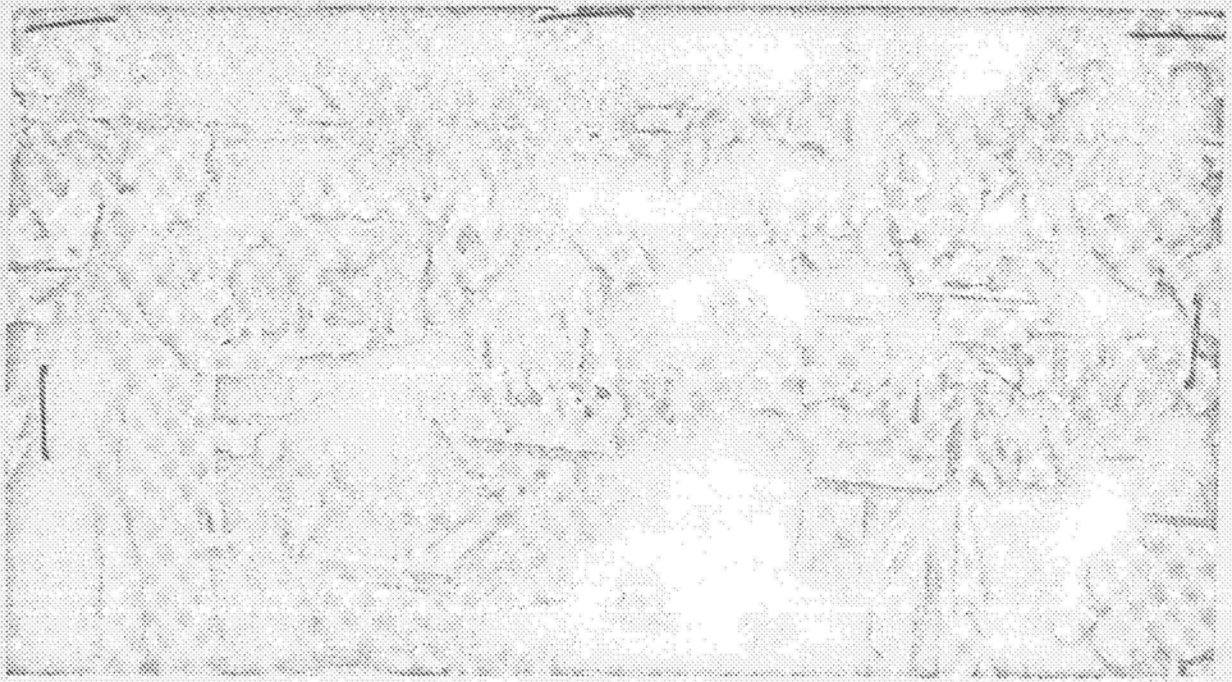

AP Photo

Professional speaker Ray Considine gives a pep talk promoting courtesy to about 1,000 people attending a meeting in the Resorts International Hotel and Casino in Atlantic City.

FD-350 (Rev. 10-19-77)

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Acquisitions Handled With Almost No Outside Fund

Wealthy Penthouse Magazine Plans 3 Casinos

By S. WILLIAM WHITE
Of The Bulletin Staff

Atlantic City — Penthouse International looks like a good bet to place second in the casino-hotel sweepstakes.

Robert Guccione, publisher of Penthouse magazine, has committed his company to an ambitious role in the race to open casinos. He has plans to open three — the maximum allowed by law.

Gerald Adler, general counsel for Penthouse, forsees no financial problems, such as have beset other would-be developers. To date, acquisitions of land and standing hotels by his firm have been handled with virtually no outside funds, he said.

"Penthouse is very successful financially," Adler said. "It is a very healthy company financially. As a result, our first project is self-financed."

The project, to be known as the Penthouse Atlantic, will include the 392-room Holiday Inn, acquired through a long-term lease, and the 122-room Four Seasons Motel, which the firm bought. The two properties occupy a block between the Boardwalk and Pacific ave. on Maryland ave.

The plans, Adler said, call for a six-story building to be built connecting the two establishments. The target date for the opening is the first of next year, he added.

A second casino-hotel site is at the Boardwalk and Tennessee ave. The Mayflower and Fredonia hotels have been purchased there by Penthouse. The demolition of the Fredonia Hotel already has begun.

Plans are to replace the two old hotels with a 500-room, casino-hotel, which is the minimum number of rooms permitted by the Casino Act. This project has been financed so far by Penthouse, with the exception of a small mortgage ~~which~~ the firm took over, from its own reserves, Adler said.

Future construction also can be financed by the company and with anticipated profits from Penthouse Atlantic when it opens, he said.

The total costs of the two projects are estimated at nearly $70 million by William G. Lashman, local lawyer for Penthouse and former Atlantic City solicitor.

Penthouse is negotiating to acquire a third property — the Howard Johnson Regency — which it could convert into a casino operation in a short time. The construction of a tower with 100 more rooms and a casino connecting it with the older section on Pacific ave, is all that is required by law.

A group of investors, headed by Jerry Palinsky of Duluth, Minn., and Martin L. Blatt, a local lawyer, are at the bargaining table for the property with Penthouse representatives. The present landlord is Jemm Corp., a group headed by Milton Houstedter and Maxwell Goldberg.

Polinsky and Blatt with their own organization had planned to spend $35 million to $45 million on the project.

Blatt said current discussions provide for Guccione to assume the roll of major investor and owner. A consortium of New Jersey banks is considering financing the project.

Blatt said if the deal materializes, it will be the first time such a project inside the state has been put together.

Adler said there might be some difficulties in obtaining a license, but he predicted one would be granted.

The intent of the Casino Act was to prevent two hotels from getting a casino license by connecting them with a corridor, he said. The Penthouse Atlantic and the Howard Johnson Regency projects are major and legally comply, he believes. Outside counsel agrees also, he said.

(Indicate page, name of newspaper, city and state.)

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CASINO GAMBLING

6/15/77

The following is a chronology of events leading up to casino bill signing ceremony and some developments that the bill has precipitated.

NOW STATE SENATOR

Jan 15, 1976 - Assemblyman Steven Perskie (D-Atlantic) announces that he will introduce legislation to allow gambling in Atlantic City only.

Feb. 25, 1976 - Perskie and Sen. Joseph McCahn (D-Atlantic) agree casinos should be privately owned and revenue should go to senior citizens.

May 3, 1976 - Assembly approves the casino bill.

May 18, 1976 - Atlantic City Mayor Joseph Lazarow appoints a committee to seek casino approval from voters. Committee becomes known as the Committee to Rebuild Atlantic City (CRAC).

May 20, 1976 - Resorts International Inc., announces plans to build a 1,000-room, $50 million hotel on the Boardwalk between Virginia and States Avenues.

June 28, 1976 - Senate approves casino bill.

July 6, 1976 - CRAC hires political consultant Sanford Weiner to direct pro-casino drive.

July 20, 1976 - Weiner announces $1 million campaign to win voter approval for gambling; kicks off massive fund-raising program.

July 29, 1976 - Courts rule the casino question is different from the one turned down in '74'. State law prohibits a defeated public question from appearing again within three years.

92-4464-28

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INDEX

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ATLANTIC CITY
PROSECUTORS OFFICE

CASINO GAMBLING

Aug. 26, 1976 - Resorts International announces it will buy the 1,001-room Chalfonte-Haddon Hall.

Sept. 13, 1976 - New Jersey United Council of Churches launches its "Casinos -- No Dice" campaign.

Sept. 19, 1976 - Entertainer Danny Thomas appears at a benefit performance which nets $52,300 for the pro-casino drive.

Sept. 30, 1976 - A proposed casino enabling act is unveiled outlining requirements for casino-hotels, the tax structure, licensing procedures and the casino control commission.

Nov. 2, 1976 - Voters approve casino referendum by 1.46 million to 1.14 million.

Dec. 7, 1976 - Investors buy the 385-room Claridge Hotel on Park Place for $3.5 million.

Jan. 11, 1977 - The 634-room Ambassador Hotel, closed since 1968, purchased for $900,000.

Jan. 19, 1977 - Resorts International announces $5 million in renovations for Chalfonte-Haddon Hall.

March 4, 1977 - Playboy Enterprises Inc., announces a 660-room, $50 million casino-hotel adjacent to Convention Hall.

March 14, 1977 - Marlborough-Blenheim Hotel sold to two local businessmen for approximately $6 million.

March 28, 1977 - Bally Manufacturing Corp. buys 90 per cent control of Marlborough-Blenheim.

April 25, 1977 - Assembly passes casino enabling bill with a two per cent reinvestment tax credit clause.

April 29, 1977 - The Two-O-Two Corporation announces plans for a 660-room, $100 million casino complex along U.S. Rt. 30.

May 2, 1977 - The Department of Environmental Protection (DEP) says the Two-O-Two project is in an area where construction is "discouraged."

CASINO GAMBLING

May 10, 1977 - Plans for a 1,500 room, $80 million hotel-casino complex near the state marina are announced.

May 13, 1977 - DEP says it is drawing up a new map which may allow casino construction on wetlands.

May 16, 1977 - Senate Judiciary Committee approves enabling bill with amendment to defer two per cent reinvestment clause for first three years of operation.

May 16, 1977 - Nevada Governor O'Calaghan signs bill allowing casino operators there to own casinos in other places.

May 23, 1977 - Senate approves the bill as proposed by committee.

May 24, 1977 - Byrne tells labor leaders he will oversee applications for DEP permits for casino construction on wetlands.

May 24, 1977 - Owners of Las Vegas' Caesar's Palace negotiate 99-year lease for Traymore Hotel site.

May 26, 1977 - Assembly gives final approval to casino bill as amended by the Senate.

June 1, 1977 - A New Jersey engineering firm announces a $400 million casino-hotel complex with a transportation center near the present bus terminal.

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NITY by NOT ALLOWING IT TO OWN the bridge. He alleged a co[illegible]spiracy between Resorts an[illegible] its long-time associate, Bank of Commerce. He held that Resorts was "skimming" casino profits, which, in addition to violating IRS regulations, was doing Hartford out of his share of casino profits. He claimed that more than $26 million of expenses had been charged to the Paradise Island Ltd. subsidiary that were accumulated by other Resorts subsidiaries, and that Resorts refused to account to him for any of the expenses.

But the suit lost steam because, according to Hartford, he could no longer afford it. The case was settled out of court in October '74, but not to his satisfaction. "The thing to remember here," says Hartford, "is that out of a $30-million investment, I got $2 million."

Loose Contracts

A disinterested observer wonders how contracts could have been so loose, why Hartford agreed to the type of loan he did, and why, in brief, he proved so pliable. In explaining, his tone is that of an aging flower child. "I had a tendency to think more about what it would look like and not enough about money. I tended to sign whatever pieces of paper my advisors put in front of me. I thought Crosby and Davis were nice fellows. The stupid thing about my life is that I've always trusted people."

He remembers visiting Crosby's house on Paradise Island—a showplace, Hartford claims was built with Resorts funds—to discuss their financial differences. By then, Hartford's money difficulties were well-publicized, and the Resorts stock had been beaten down. The men were on the terrace, and Crosby was engrossed in a game of backgammon. "I'll sell you my share," Hartford recalls remarking. "How much will you give me?" Crosby, says Hartford, never lifted his eyes from the board. "A million dollars," he replied. (Indeed, Resorts and Hartford did at one point negotiate such a sale but could not agree on price.)

On another occasion, Hartford faced Crosby with the bridge issue. He asked why it did not belong to Resorts and why, in fact, neither Resorts nor Hartford got any of the proceeds. Crosby turned to him angrily, according to Hartford, and snapped: "What have I got to live on but revenues from the bridge?"

Crosby, for his part, claims that at the time the bridge was built, Resorts lacked the funds or borrowing power to complete the project. Instead, he and private investors, he says, assumed the risk. As to reports the bridge is a real money maker, Crosby responds dryly: "It has been able to survive."

With the settlement of the suit, however, Hartford was no longer a thorn in Resorts' corporate side. He had been shut out. Paradise was lost.

In Hartford's place, Resorts could boast other influential allies. Richard Nixon had been a some-time visitor to Hartford's house on the island, and he and Resorts chairman Crosby apparently hit it off. In fact, only a few weeks after meeting Nixon, Crosby donated $100,000 to the candidate's '68 campaign for the Presidency. The donation reportedly took the form of checks—33 for $3,000 each and one for $1,000.

Stranger in Paradise?

History and photographs tell us that Richard Nixon was no stranger to Paradise. A corporate yacht was put at his disposal. A short-shorts-clad Crosby escorted a suited Nixon and Rebozo about his tropical lair. Nixon, in turn, excorted Crosby around the White House. And one report has it that after the '68 campaign, President-elect Nixon wanted to repair to Paradise Island, but the Secret Service nixed the idea. Presidents of the United States did not hang out at gambling spots.

After Pindling's government took the reins of power, it decided to levy more burdensome taxes on the casino take. But i[illegible]s persuaded to moderate its [illegible]emands. Some observers attribute the change of mind to White House interference. Resorts' consultant, Sy Alter, has sworn that was not the case. Rather, he explained, the company talked reason into the government demonstrating that the prohibitive taxes would only dampen incentive.

The future of non-Bahamian interests on Paradise Island, even for those with friends in high places, remained uncertain. In November 1973, Pindling's government announced that effective with the expiration of licenses in December '77, "as a matter of policy," casinos would be wholly owned and controlled by the government. How that would be achieved was not disclosed, and it still has not been. The government says it will buy out the casinos and part of the Britannia. But it is a safe bet it won't match Robert Vesco's offer.

This is the first part of a two-part article on Resorts International. It will be concluded next week.

~~Sony 3rd Quarter Net Down 28%; Year Is Up~~

~~Sony Corp. reported a 28% drop in net income for the fiscal third quarter, ended July 31, but posted record results for the nine months and said it still expects full-year figures to be highs as well. Third quarter net fell to the equivalent of $29.3 million, or 13 cents an American Depositary Receipt, from $40.[illegible] million, or 19 cents an ADR, a year earlier, based on current exchange rates. ADRs represent shares owned in the U.S. but physically posited overseas.~~

~~For the nine months, S posted net of $106.9 millio 49 cents an ADR, up 11% the year-earlier record of S million, or 4[illegible] cents an A Sales totaled $1.38 billion 7% from the year-earlier of $1.29 billion. Despite weakening in the third qua Sony expects earnings fo full year, ending Oct. 31 rise about 15% from the f 1976 record of $115 millio sales up about 10% from year-earlier record of $1.7 lion.~~

~~Sony added that the e ings increase would have about 18% higher, except the rise in the yen's value year, which eroded the co ny's yen receipts on for shipments. The third qu earnings decline was attrib to a 9% fall in sales of TV (which account for 36% Sony revenues), and in sal tape recorders and radios (of revenues); video-tape corder sales jumped 20% counting for 13% of reven~~

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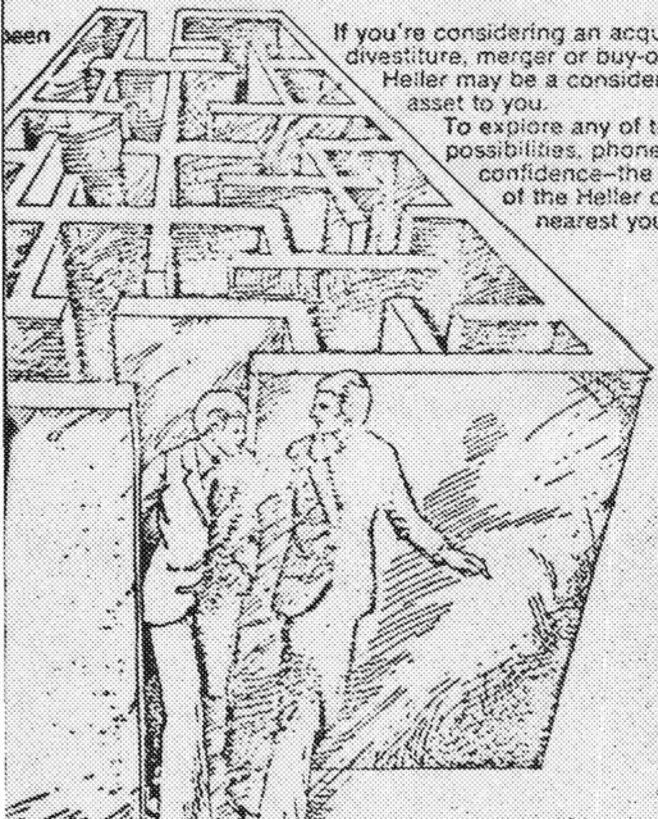

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Cont. from Preceding Page

World and Playboy Enterprises. In Paradise Island—and, in fact, within a 10-mile radius of the island—Resorts has the only game in town. And while former Paradise Island owner Huntington Hartford says that Crosby once advised him to steer clear of gambling because "it doesn't make money," Resorts President Davis complained to this reporter that some people—especially in the press—don't understand how profitable gambling is. Be that as it may, the profits have not flowed down in any torrential way to Resorts' bottom line.

All in the Game

In 1976, operating revenues rose to $53.6 million, from $48.9 million the year before. A large chunk of the rise reflected a gain on the sale of securities. Gaming revenues totaled $19.9 million (37% of the total), a smidgen more than in the previous year. In fact, gaming revenues have been more or less flat for the past three years. Gaming earnings, moreover, were slightly lower in both '76 and '75. Earnings before taxes and extraordinary credits advanced to $4.2 million, from $3.2 million, but again the improvement was largely the result of securities sales, plus the recording of a provision for discontinuance of certain operations in '75 and lower interest expense.

In some ways, it's tough to determine just how much gambling really contributes. For of total gaming earnings of $7.3 million, only $1 million is listed in the firm's 10-K as the contribution of the casino operating company. The rest is chipped in by Paradise Realty Ltd., a wholly owned investment and development subsidiary. The company says that subsidiary receives a fee paid from the gaming revenues of the casino—the vast majority of the proceeds, in fact.

So-So Results

The official reason for this arrangement is that PLR's activities complement the casino, and, indeed, are considered part of the lure that gets people to the island and, consequently, into the casino. Possibly, too, it has something to do with the peculiarities of Bahamian tax law and/or the pending nationalization. In any case, Resorts' overall earnings have been nothing to write home about. Of last year's net of 74 cents a share (before some nonrecurring items), at least 18-19 cents came from the sale of securities. Which means that only a few pennies more than 50 cents a share were generated by the company's operations. So far this year, operating net is about even with the year-ago total.

By contrast, Metro-Gold-

when it put down stakes in Las Vegas in '74. Despite intense competition in that city, hotel and gaming revenues rose from $48.4 million in fiscal '74 (ended August) to $137.3 million the following year and $142.7 million in '76. That was on total operating revenues of $234.2 million, $255 million and $266 million, respectively. In addition, the hotel and gaming kicked in $33 million of total income in '76 of $47.1 million. MGM pays a dividend. Resorts never has.

Harrah's, with hotels and casinos in Nevada, has shown consistently tidy revenue and earnings growth over the past 10 years. Earnings for the June fiscal year grew, without interruption, from 35 cents a share in '67, to $1.67 in '76. Revenues also climbed without a break from $58.7 million, to $141.9 million. Dividends have risen, too.

It could be, of course, that the climate in the Bahamas is simply not as congenial to corporate success and profitability as Nevada's. In any case, Resorts now sees Atlantic City as, if not its last resort, at least its best hope of causing its luck to turn. Resorts is betting heavily on the miracle of the boardwalk. And so are investors who currently are placing a value of around $56.6 million on the company.

Speculation or gamble?

Banks vs. Funds

Continued from Page 9

Lilly (14%) and Schering-Plough (20%).

On the other hand, a few discards crossed them up by rising at least modestly. Coca-Cola (net sales: 236,425 shares) has advanced 6%; J. C. Penney (250,652 shares), 3%; and Xerox (132,839 shares), 9%.

Although banks sold 99,863 shares net of IBM, it still tops the Vickers list by a sizable margin: 170 hold 33,751,640 shares, worth over $8.9 billion. They own 32.7% of the outstanding shares. Trust departments hold at least 20% of the shares of 37 of the 50 bank favorites. Their stakes are particularly high in J. C. Penney (37.9%), Ford Motor (35.7%), K-Mart (34.3%), Digital Equipment (33.8%) and Schering-Plough (32.9%).

In the industry categories, oil and natural gas holds first place, with 25.6% of the total dollar value of the 50 favorites. Runner-up is office equipment, at 16.1%. It is followed by chemicals and drugs, 12.7%; motors, 8.1%; merchandising, 5.9%; and utilities 5.4%.

Correction—In the table accompanying last week's article on municipal bond funds, the June 30, 1977, date applied only to the total assets of the funds. The performance data

BARRON'S
9-26-77

Speculation

Resorts International Is Wall St

BY GIGI MAHON

ON a late summer's day in 1972, a man by the name of Seymour "Sy" Alter traveled from the Bahamas to pay an after-hours visit to the Key Biscayne Bank & Trust Co., the Florida bank of Charles "Bebe" Rebozo, long-time friend and confidant of Richard Nixon. He brought with him a large sum of cash, entered the bank's safety deposit box area and asked a bank employe to change the small bills he had brought—tens and twenties—into hundreds. "How many hundreds was he given?" a Florida investigator queried the employe some time later. "I don't know. Don't ask me," came the reply, "I don't know if it was 100, 200, 300." A further question: "Was this the only such incident?" "I think it happened once or twice," said the employe. "I think there was another occasion."

Today, some five years later, little more has been revealed about that visit to the bank. Although Alter has explained to several investigatory agencies that the unusual transaction grew out of the peculiarities of doing business in the Bahamas, his response has failed to dispel the mystery or the speculation occasioned by the visit. What gives the incident particular pertinency today is that Sy Alter did, and does, work for Resorts International, a company which currently is gambling the bulk of its corporate chips on one roll of the dice. Specifically, Resorts has taken a large stake in Atlantic City, today's raunchy relic on the boardwalk, tomorrow's mecca of the spinning wheel and the one-armed bandit.

The key to Resorts' future is its ability to obtain casino licensing in New Jersey. If the influential politicians in the Garden State have anything to say about it, Resorts' big gamble will pay off. Other interested parties—a handful of Jersey papers among them—are not so sure. According to newly enacted regulations, the burden of proof of suitability for licensing is on the applicant, and Resorts' history is replete with lingering questions and unproved allegations.

Away From It All

Resorts International, as the name implies, is engaged in helping people get away from it all. The bulk of revenues comes from ownership and operation of land, hotels and a casino on Paradise Island, the Bahamas. The future of that business has grown clouded of late—owing to threatened nationalization and hikes in casino taxes—and Resorts has focused its sights elsewhere. Attempts to bring casinos to New Hampshire were unsuccessful, but a push in Atlantic City hit pay dirt.

Besides hotels and casinos, Resorts runs some related sidelines. For example, it owns Intertel, which provides security services to a host of customers, including Resorts' gambling operations. The company also counts a small airline, a theme park and a tennis installation among its holdings.

None of Resorts' activities, to date at least, has proved a bonanza. Its record of operating results is decidedly uninspiring. Where the company has occasionally struck it rich, however, is on Wall Street. The Street has blown hot and cold on gambling issues, and during one of those hot periods, Resorts' common soared as high as $62 a share, or 67 times earnings. (Indeed, the '67 high of $26 was 147 times earnings.) When speculative passions cooled, the shares suffered a precipitous drop—and sold as low as a dollar. Lately, they've revived, amid the excitement over Atlantic City, and currently are changing hands around $17.

Raised Eyebrows?

For a small company, Resorts has attracted a tremendous amount of publicity—not all of it favorable. It currently is suing *Rolling Stone* for libel because that magazine in May 1976 published an article which branded Resorts a CIA front organized to launder funds to support counter-insurgency groups in Central and South America, and repeated a charge that it was a mob-related outfit heavily into casino skims. Resorts has been accused of wielding undue influence on Washington and at least one foreign government, and, more recently, eyebrows and voices were raised when the company hired as lawyers relatives of New Jersey legislators who, coincidentally or not, would have much to say about the state's casino law.

In like vein, Resorts touched off

BARRON'S
9/26/77

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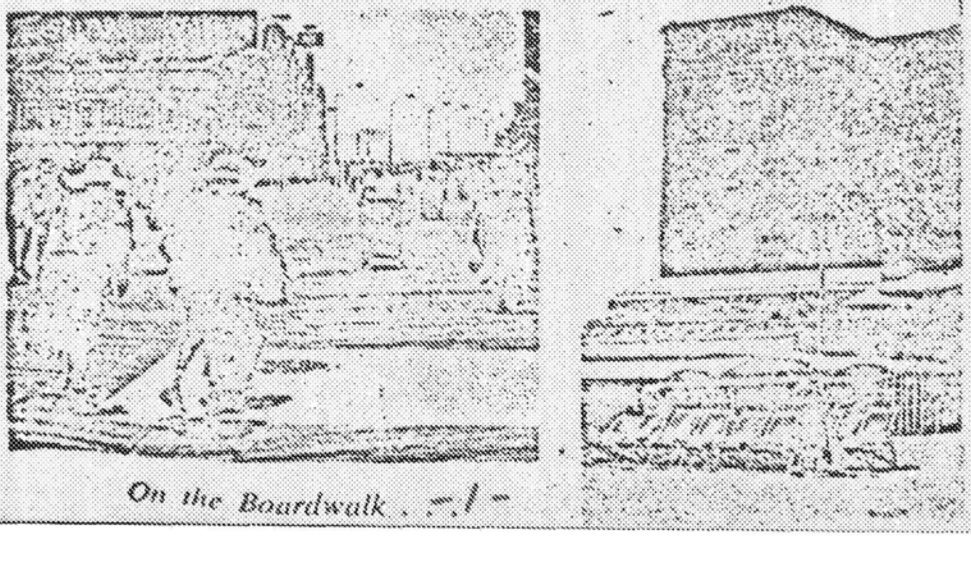


On the Boardwalk .

or Gamble?

reet's Own Floating Crap Game

howls of wrath on Capitol Hill when it jockeyed for a piece of Pan Am World Airways. At one time, it negotiated for sale of the bulk of its assets to Robert Vesco. In setting up Intertel, it's been accused of "hiring the strike force"—by reaching into the Justice Department and other federal agencies to staff the security operation—and of forming a private police force. It has been scrutinized by the SEC, the Justice Department, the IRS, the Senate Watergate Committee, a Florida State Attorney's office and scores of reporters. None of these probes has resulted in any legal action, but they have made Resorts the recurring center of controversy.

An veteran gambler named Mike McLaney, who once had vied for a piece of the action on Paradise Island and came up snake eyes, reportedly was asked by a Congressional investigating committee: "Who is behind Resorts International?" "I don't know," he replied. "It is misty, shadows."

Cloudy Messages

In fact, quite a bit is known about the company. In 1958, when Resorts was a privately owned company known as Mary Carter Paint, it was bought by some Midwestern family interests named Crosby. A former stockbroker, the then 30-year-old James M. Crosby, was installed as chairman. At about that time, too, Crosby was part of a group which took over an Amex outfit called Unexcelled Chemical. With Crosby as president, Unexcelled gained a noteworthy following in the Street in the early 'Sixties, thanks to a number of acquisitions and some rather imaginative new products like a giant projector that was supposed to flash advertising messages on mountains and clouds.

Apparently, occupying two executive seats in two separate companies posed no particular problems for Crosby. And while publicly owned Unexcelled was attracting speculative interest, Corsby mulled a future beyond paint for Mary Carter. Gradually, that future began to take shape. Eventually, Crosby blueprinted a huge resort complex of hotels, night clubs and casinos, spanning the U.S., Central America and Europe.

Over the years, Resorts' management has remained essentially the same. Crosby is securely in control—he is the biggest single stockholder. I.G. "Jack" Davis has been president and a director since 1960. Henry Murphy, Crosby's brother-in-law, has been a director and secretary since 1958. Henry's cousin, Charles Murphy, has been a lawyer and close advisor since before the acquisition of Paradise Island, and he was also an officer at Unexcelled.

In 1959, when Mary Carter was still involved in latex and semigloss, A&P heir Huntington Hartford purchased a small, sun-baked strip of land off Nassau from a Swede named Axel Wenner-Gren. It was a tropical Shangri-la ineptly christened Hog Island. Hartford dreamed of transforming the virgin isle into the Riviera of the Bahamas. It would be a place where the rich and beautiful would come to gambol—and later gamble—amidst the splendor of plush hotels and unexplored beaches cozying up to a mild-mannered sea. He redubbed it Paradise Island.

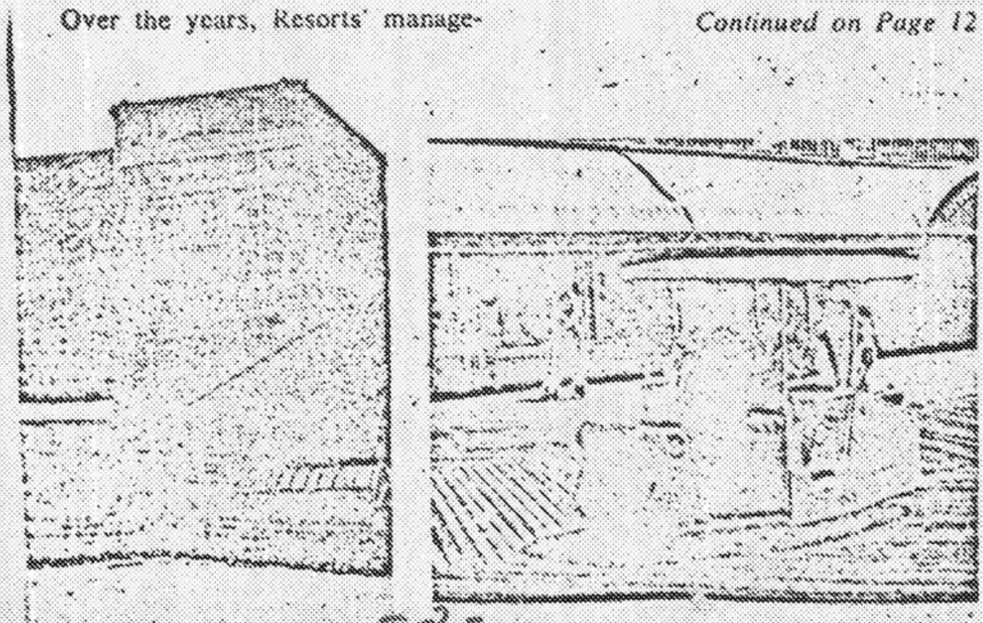
Hartford had a consultant at the time—Sy Alter, the man who would later work for Resorts. Alter was a high-school dropout who, in his varied career, worked for his father's chain of garages, a city tax department, a detective agency. He later formed his own sleuth shop—with the aid of a loan from Hartford—and became manager of a Hartford-owned liquor store and advisor on other matters, including the acquisition of Hog Island.

Midnight Meetings

Alter has testified that Hartford would agonize over every detail of every change in the island, calling meetings most every midnight, seeking advice as night staggered into day, wondering what to build and where to build it. He put some $30 million into the Ocean Club, a luxury hotel and tennis establishment, as well as a stable, a golf course and the celebrated Cafe Martinique, a restaurant that suited even the discriminating tastes of James Bond, who dined there in the movie *Thunderball*.

But Hartford ran into trouble in Paradise. He wanted to build a bridge connecting the island to Nassau. Boat-only access, he felt, would have dire

Continued on Page 12



in Atlantic City

SPECULATION OR GAMBLE?

Continued from Page 3

effects on tourism. And he grew alarmed by the advent of casino gambling on nearby Grand Bahama Island — it might provide the other island with a competitive edge. He wanted a casino, too. Harford set out to gain the necessary approval.

At the time, the Bahamas were a British colony and under the thumb of a white British government. On the advice of a lawyer, Harford contributed $15,000 to the islands' black Progressive Liberal Party. He also placed an ad in a local paper offering to devote half the casino proceeds to welfare on the islands. None of this sat well with Sir Stafford Sands, the brilliant, ruthless and corrupt Minister of Finance and tourism, the most powerful political force on the islands, and, as it happens, the man responsible for doling out "certificates of exemption" for **casinos and bridges.**

So although previously Sands had penned glowing and lengthy accolade to Harford for sprucing up the island, he now severed direct communications. The minister dispatched a messenger to inform the millionaire that Paradise Island could have the desired licenses, but not so long as Hartford was in control. Hart-

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ford would have to find a suitable partner.

Hartford prevailed on Alter to help him in the quest for a buyer. He was adamant in his desire to retain some control. There were a few nibbles, none serious, and then, through a mutual friend in Miami, Alter was put in touch with Mary Carter's chairman Crosby. Negotiations dragged on—one bugaboo was Mary Carter's insistence on becoming sole owner—with Crosby and lawyer Charles Murphy making repeated visits to the island. An agreement was reached in early 1966.

The specifics: Hartford says he sold his interests to Mary Carter in return for $3.5 million and 250 shares—or 25%—of what would then be a subsidiary, Paradise Island Ltd., owner of developed and undeveloped land, the Ocean Club Hotel, Cafe Martinique, a golf course and other properties. Hartford also purchased, for $750,000 and an agreement to provide $2 million toward a second mortgage, 176 shares—or 17.6%—of Island Hotel Co., another subsidiary owning the Paradise Island Hotel and Villas. Mary Carter would own all the remaining shares. The yet-to-be-built casino-entertainment complex and Britannia Beach Hotel would belong to Mary Carter, though Hartford would later arrange a deal for a percentage of casino profits over a certain amount. (He says he never collected on that one and eventually gave up his interest.) In a separate transaction, in September of '68, Hartford acquired 150,000 shares of unregistered Resorts International common.

Mary Carter management encountered little difficulty succeeding where Hartford had failed. It retained as counsel in procuring the necessary licenses the same Sir Stafford Sands, who was expedient in securing the okays from himself. Hefty "legal fees" were involved, but the company was on its way.

Bye, Bye, Bay Street Boys

Later in 1966, Sands and his "Bay Street Boys" were toppled from power by a scandal involving payoffs and ties with organized crime. The black party assumed control under the leadership of Prime Minister Lynden O. Pindling. Despite Pindling's distaste for the former government and its friends, the transition appears not to have been too onerous for Resorts. Resorts 10-Ks include the note that political contributions in the Bahamas are a cost of doing business. (Indeed, Crosby notes, the company made such a contribution this year.) Sy Alter was taken on as a Resorts consultant because, he has testified, he had good contacts with the Bahamian government.

With its political flank secured, Resorts moved resolutely to bring its plans for Paradise Island into being. At the end of one board meeting, Hartford mentioned to Crosby that they had not discussed the bridge. "Don't worry," Hartford says Crosby told him. "I'll take care of the bridge." And he did take care of it, but not in the manner Hartford anticipated. Even though it was to connect Nassau to land owned by Resorts, Crosby, in partnership with unidentified investors, built the fixed-span bridge at a reported cost of around $1.8 million, and proceeded to operate it as an independent and private company. The group instituted a $2 toll and paid Resorts a rental fee of one Bahamian dollar a year. The bridge, by most estimates, hauls in around a million dollars annually.

As for the two other backers, their identities have never

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COUNTERFEIT REFORM

Continued from Page 7

Nor do we mean to single out Bob Bloom (who, in effect, possible task. The real villains of the piece lie elsewhere in

Continued from Page 12

been publicly disclosed. Crosby says: "They include two banks but they are mostly individuals—people of substance but not" he stressed "notoriety." Crosby was referring to the recurring rumor that his shy partners are Richard Nixon and Bebe Rebozo.

However, *Barron's* has learned from an authoritative source both the identity of the investors and the distribution of ownership as of late '73. There are 200 shares in the bridge. James Crosby owns 119, or 59%. Gerald Goldsmith, then chairman of the Grand Bahama Port Authority, a subsidiary of Benguet Consolidated, holds 22 shares, or 11%. The Roy West Banking Co. — jointly controlled by Royal Bank of Canada and National Westminster Bank of London (the Grand Bahama Port Authority boasts a tidy piece of it, too)—owns 20 shares, or 10% of the total. Cosmos Bahamian Ltd., a subsidiary of a Zurich bank, holds 40 shares, or 20%. The source notes that Cosmos represents a number of individuals.

Tapping Sources

To raise funds to build the two hotels and a casino, Resorts tapped a variety of sources for over $36 million from the summer of 1966

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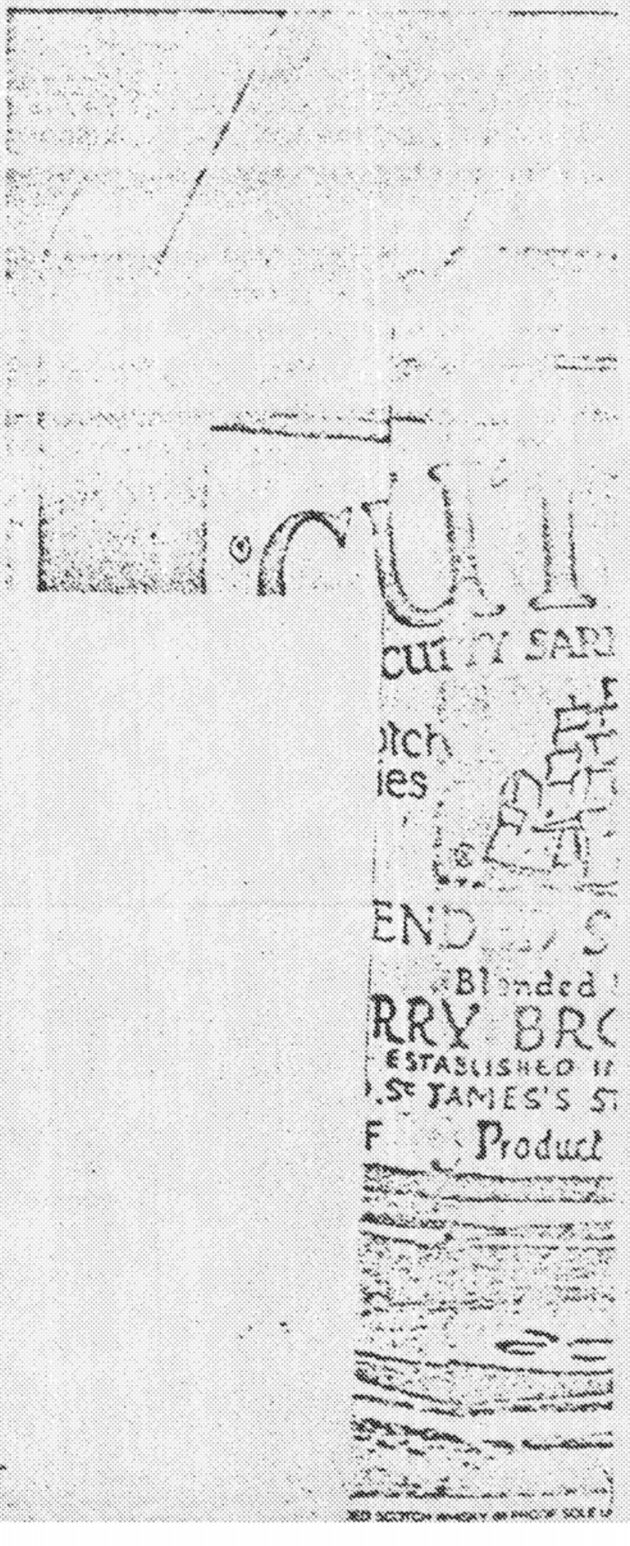

through 1969. In July 1966, [illegible] million of 6¾% convertible subordinated debentures were sold. Among the buyers were Resorts insiders Crosby and Davis, the Beverly Hills [illegible] investment firm of Kleiner, Bell & Co., Richard Pistell, a stock promoter and close associate of Robert Vesco, and two mutual funds. The largest buyer of the notes — some $1.75 million worth — was American National Insurance. In 1970, that institution became the target of a $137 million lawsuit—brought on behalf of its shareholders—objecting to the Texas insurance company's habit of investing in gambling interests, including Resorts International. Eventually, the suit and a counteraction both were dropped.

In March 1967, Chase Manhattan Bank lent Resorts $3.75 million while Bank of Commerce lent $3.75 million. In November of that same year, Royal Bank of Canada and Roy West lent $2.75 million. In 1967, too, Resorts received a $2 million loan from Huntington Hartford. And finally in that year, Resorts sold, via private placements, 5.9 million shares of common stock. Sy Alter snapped up 10,000 shares for $70,000. Bernie Cornfeld's Fund of Funds was a large buyer: 268,000 shares for $2.55 million. Four South American concerns also bought Resorts common. One of these, Viscaya Compania Naviera, subsequently became a large holder of stock in International Controls Corp., Robert Vesco's New Jersey company. So did Hellenic Ocean Carriers, another subscriber to Resorts' 1967 private equity offering.

In 1968, Resorts sold privately 204,000 shares for $5.3 million to four purchasers, including two mutual funds. And in 1969, it sold 275,000 shares for $10.8 million, or $39 a share, via a private placement to two mutual funds and a leading trust company.

The Paradise Island casino and the 503-room Paradise Beach Hotel were completed in 1967. A star-studded, hoopla-filled gala marked the casino's opening. (Guest of honor: Richard Nixon.) In '68, Mary Carter changed its name to Resorts International to better reflect its new corporate look. The following year, the 270-room Britannia went up.

Proud New Owner

In 1969, too, Resorts set out to gain a foothold in Pan American World Airways, in hopes of facilitating shuttles of junket players to the island. The story is that Crosby was taking in the sun one day with Gulf & Western Chairman Charles Bluhdorn, who mentioned in passing that his conglomerate was sitting on at least 1.8 million Pan Am shares—around 5% of the outstanding stock. Crosby offered to buy half the shares outright and take an option for the other half. The offer was accepted. The terms: for $16 million in cash and 500,000 Class A Resorts shares, Resorts would become proud new owner of 900,000 shares of Pan Am—subject to Resorts shareholder approval. The value of the transaction was put at $39 million.

> A star-studded, hoopla-filled gala opened the casino. Guest of honor: Richard Nixon.

Soon after, Crosby learned from the aforementioned investment firm of Kleiner, Bell & Co. that Chase Manhattan owned a big block of Pan Am stock in its pension trusts. A source close to Chase describes what happened next: "Chase sent three guys down to the Bahamas to case the joint. They came back raving about the place and took quite a few more trips. They became very tight with Resorts' management. The upshot was that they recommended a deal with Resorts."

In an intricate financing package, Chase agreed to sell

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Resorts 1.5 million shares of Pan Am for what in effect amounted to warrants and IOUs: $15 million of subordinated 5% 25-year Resorts notes and 15-year warrants to purchase three million Resorts Class A shares, half at $40 a share and the rest at $60. In mid-February '69, when the negotiations with Chase were disclosed, Resorts Class A shares were selling at around $56 a share. Two weeks later, they had dropped to around $45. Pan Am shares moved from $27 to $25.

No sooner was the agreement consummated than it created a furor which could be heard clear from the Bahamas to Washington, D.C. Pan Am was incensed that an upstart company — one engaged in gambling no less—would have the gall to start amassing its stock. (If both deals had been done, Resorts would have controlled close to 10% of Pan Am.) Pan Am in 1967 earned $60 million on a billion dollars in sales. Resorts, by contrast,

Sometimes New Yor
doesn't know when

[illegible]

netted $518,000 in earnings on $19 million of revenues.

The debate carried to Capitol Hill. Solely on the strength of the one transaction, a bill was introduced on the Senate floor that prohibiting nonairlines from owning more than 5% of any airline's shares. On March 11, 1969, the Amex halted trading in Resorts' shares for three weeks (the shares by then had dropped to $34). The SEC jumped into the fray and demanded to know what exactly Resorts had in mind, and why Chase handed over its Pan Am stock on terms that amounted to a loan.

Cowed a bit by the uproar, Resorts backed down, cutting its purchase to half of the original agreement, or nearly 5% of Pan Am stock. The takeover threat ended in mid April '69. By then, Resorts shares had recovered somewhat to $43, but a sustained downward skid was not long in coming. Pan Am was at $23.

Ultimately, nearly everyone involved took a financial beating. Resorts, after extended haggling with the SEC, finally wrote down its holdings in Pan American in 1974, absorbing an extraordinary loss, after tax credits, of $23.2 million, or $5.96 a share. Its net loss for the year was $5.66 a share. Chase, as noted, had accepted warrants on Resorts shares at 40 and 60, levels they were never to come near again. Just as important—if somewhat less calculable—was the intense embarrassment suffered by the big bank, which numbered Pan Am among its customers.

Two Rich Suitors

While Resorts was hungrily eyeing Pan Am, it, too, was the object of covetous glances by reclusive billionaire Howard Hughes, as well as another, somewhat more notorious financier, Robert Vesco. Under circumstances that still remain fuzzy (Hughes' right-hand man, Robert Maheu, was convinced that Intertel had kidnapped the boss), Hughes had hastily departed Las Vegas and ensconced himself on the ninth floor of the Britannia Beach Hotel, with the object of taking over gambling in the Bahamas. But he was foiled by Vesco, who had similar designs.

Resorts was not averse to selling. The new government was making life increasingly difficult for non-nationals. Just why Vesco, under those circumstances, would be interested in acquiring only part of Paradise Island for close to $60 million is puzzling. One published report has it that Vesco was intrigued by the possibility of skimming millions of dollars from the casino. IOUs from creditworthy customers, instead of following cash into the cashier's till at night's end, might be diverted to a separate account and taken to the states to be converted into cash. Another possible motive: Vesco wanted to control a government as well as a financial empire.

In any case, the Vesco camp arrived at a clever ploy to knock Hughes out of the picture. They found a technicality in Bahamian law requiring visas—accompanied by a photograph — for anyone residing more than eight months in the islands. On the ninth month of Hughes' stay, a photographer was dispatched to his encampment to immortalize the fabled hermit in glossy black and white. Hughes predictably picked up his belongings and his paranoia and departed the Bahamas in a huff. Vesco had a clear field.

But Vesco suddenly found himself attacked on another front. In November '72, Vesco and 20 other individual and 21 corporate defendants were slapped with one of the largest fraud suits since the invention of money, charged with looting IOS. Crosby's lawyers reportedly advised him against accepting what could be tainted cash for his properties. The deal was dropped the same month, and Vesco eventually fled to Costa Rica.

Hard Past, Bright Future?

Soon after, Crosby reflected that it might not have been such a bad thing that the sale fell through. More specifically, in an interview with *The Wall Street Journal*, he said: "A change in the atmosphere in the Bahamas encourages us to be far more confident of the future. Perhaps it wouldn't be advantageous to sell. We've been through seven hard years on the islands."

During those years, a rift developed between Resorts and Huntington Hartford. In September of '68, according to Hartford, he and an advisor met with Resorts President Jack Davis and Chairman Crosby in Acapulco and agreed to accept 150,000 shares of Resorts Class A stock in return for, among other things, wiping out the $2 million Resorts owed him. The stock was then selling at around $28 a share. The shares were unregistered, which made Hartford jittery. What if he wanted out? It was agreed that if Resorts failed to register the shares one year from the date of the transaction, the company would guarantee and pay interest on a million-dollar loan to Hartford from the Bank of Commerce, a New York institution with ties to Resorts.

After eight months, a photographer was dispatched to Hughes' encampment to immortalize the fabled hermit in glossy black and white.

The year came and went, and Resorts failed to register the shares, which had dropped to $16¾. A check with the SEC reveals they never tried. (Crosby says: "It didn't matter to us. It was either that or arrange the loan.") So Resorts set into motion the loan to Hartford, who was becoming increasingly illiquid, thanks to

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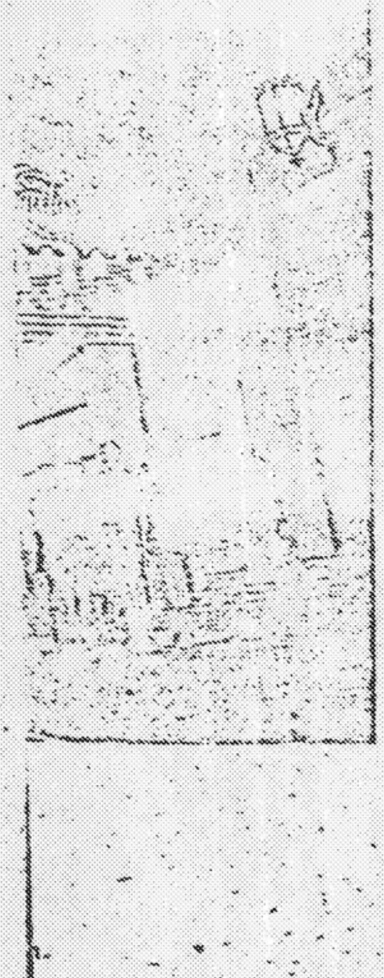

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or travel agent.

Continued from Page 16

some ill-fated business ventures. It was a demand-type loan—the bank could call it at any time. That seemingly posed no problem since Resorts was unconditional guarantor. Hartford has testified that Resorts forced him to put up as collateral 147,600 shares of Resorts Class A common stock and his 17.6% interest in Island Hotel Co.

Subsequently, relates Hartford, although Resorts did register another batch of shares, the company told Hartford it could not include his because doing so would act as a further depressant on the price of the stock, which was declining steadily. In June '73, says Hartford, Resorts informed him that, as of Aug. 1, it was withdrawing its guarantee of his loan. Hartford feared the bank would call the loan—which it did on Aug. 21—and dispose of the collateral. While by that time the shares had been registered, their value had dropped to around $3 a share.

Strapped for a Million?

In late July, Hartford went to court seeking an injunction—which was granted—barring Resorts from removing its guarantee and preventing the bank from seizing the collateral. Resorts replied that a man with Hartford's life style—"bizarre as it may be"—with hot-and-cold-running servants, yachts, houses all over the world," could hardly be strapped for a mere million. Hartford said he could pay the update in time to pay without suffering great financial losses. The injunctions were later removed.

Resorts and the bank acted swiftly. In December 1973, Resorts put out a tender for its own shares at $2.50. Bank of Commerce tendered all the stock in its possession. In addition, in April '74, the bank held an "auction" of the Island Hotel Co. stock. According to Hartford, the only buyer—Resorts International — scooped up the shares for $20,000, despite estimates in Island Hotel Co.'s own financial filings putting the worth at many times that figure.

In a court action in July 1974, Hartford named as defendants Resorts, Bank of Commerce and James Crosby. He accused the company of squeezing him financially. He charged that its prior dealings with Vesco had been a contrivance to cheat him out of his share in the island. He said Crosby et al. had deprived Resorts of a corporate opportu-

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INTERTEL

INTERNATIONAL INTELLIGENCE INC.

A unique consulting organization created specifically to safeguard business from the hidden risks of vulnerability to criminal elements and to assist the states and cities in development of comprehensive crime controls.

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*Resorts International, Inc., has provided the financial backing to INTERTEL and is presently its majority stockholder.

INTERTEL is an international management consulting organization with major expertise in industrial security and crime control. We provide executives in industry with the tools to evaluate management-security systems and programs from a cost-effectiveness standpoint.

We call our program "Cost Reduction Through Total Asset Protection." It is our belief that while each dollar in increased sales may produce a fraction of a dollar in increased net profit, each dollar in reduced cost produces a full dollar in net profit.

INTERTEL believes in the multi-disciplinary approach to problem solving. In our judgment, a "team" survey by professionals from the varied disciplines of law enforcement, intelligence gathering, accounting, behavioral sciences and systems engineering provides our clients with confidential and discreet solutions of their management-security problems.

INTERTEL is a carefully recruited group of outstanding authorities from the top ranks of federal, state and local law enforcement, prosecutive, intelligence and tax agencies.

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INTERTEL analyzes a company or complex of companies to create a management-security system designed to uncover and thwart employees with criminal backgrounds and/or intentions. Systems we develop help detect and prevent industrial espionage, pilferage and thefts, defalcation by corporate officers and key employees.

We provide management with the necessary intelligence service and guidance on possible exposure to organized crime through companies with whom they do business or with whom they are considering business relationships, whether through merger, acquisitions, joint ventures or the granting of franchises.

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Since all business problems can be categorized broadly as either "systems problems" or "people problems," INTERTEL utilizes in its consulting activities a management-security survey format oriented to those basic areas.

In the "systems" phase of our surveys, we provide the following services:

- Analyze and evaluate existing management-security systems and develop new systems.
- Evaluate the cost and effectiveness of management-security systems and intelligence programs.
- Design management controls and security systems for brokerage houses, banks, insurance companies and pension fund trustees.
- Analyze and evaluate data processing center security systems.
- Develop management controls and security systems for hotels, legitimate gaming, airports and other specialized situations.

In conducting the "people problems" phase of our surveys, we are prepared to make supporting inquiries relating to:

- Employee drug abuse and the establishment of programs for the detection and control of internal drug abuse problems.
- Employee corruption, embezzlement and pilferage.
- Trade secrets and other proprietary thefts.
- Development of policies for the prevention of conflicts of interest.

- Executive Screening.
- Employee vulnerability to organized crime elements and guidance to management on possible exposure to organized crime.
- Evaluation of vendors, franchisees and licensees.
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- Industrial drug abuse seminars.
- Seminars on the risks of vulnerability to criminal elements and organized crime.
- Programs for the training, orientation and development of security personnel.

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Thomas J. McKeon, Executive Vice President (l.);

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George P. Doyle, Acting Chief and Associate Counsel, formerly Assistant District Attorney, New York; Assistant United States Attorney, Western District of New York; and Counsel, New Jersey State Commission of Investigation.

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(*temporarily suspended)

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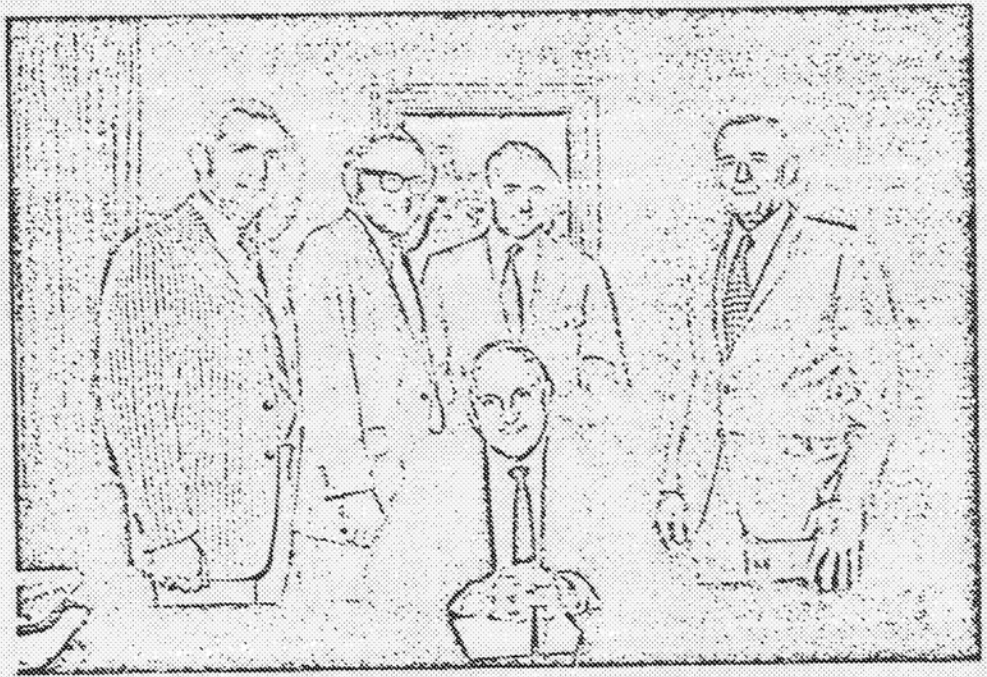
***J. Shane Creamer and his Senior Assistant David W. Breen are on a leave of absence from INTERTEL.**



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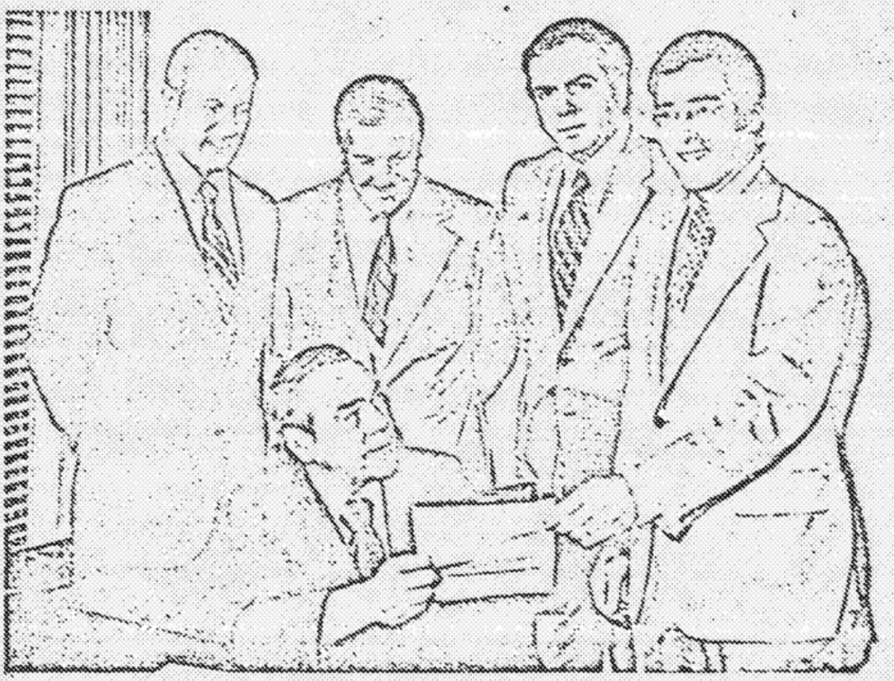

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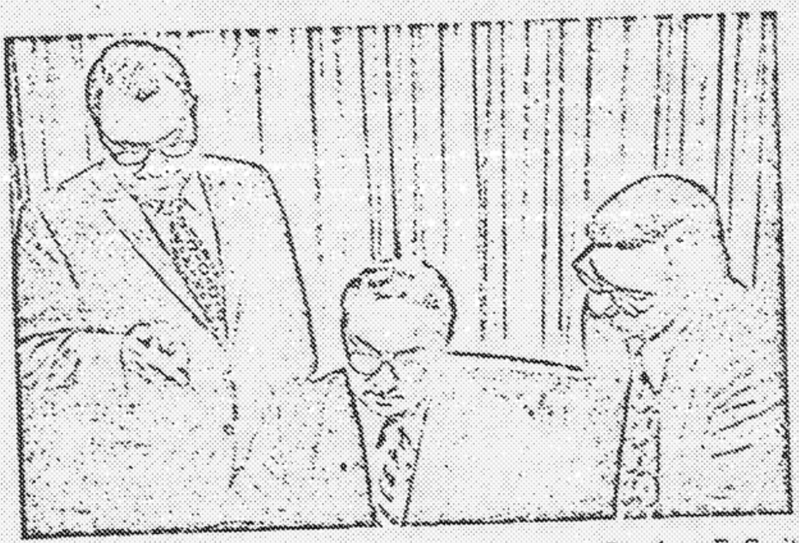
Steven E. North, Associate Counsel, formerly Assist District Attorney, New York County.



Left to right: G. J. Bologna, Fred G. Robinette, Stephen F. Smit.

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In recognition of the accelerating economic expansion in Canada, INTERTEL formed a Canadian subsidiary to assist Canadian business in crime prevention and asset protection.

International Intelligence (Canada), Ltd., can aid businessmen in protecting themselves from becoming involved wih groups controlled by the international crime cartel.

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BARRONS
10/3/77

Betting on the

Resorts International Needs Atl

By Gigi Mahon

THE idea of bringing legalized gambling to Atlantic City didn't start with the November '76 referendum. The initial push came in the early 'Seventies, but that effort failed. In a 1974 referendum, New Jersey voters turned thumbs down on state-wide gambling, perhaps envisioning casinos on every corner, slot machines in gas station rest rooms and a wide-open field for the state's already notoriously overactive mobsters.

A new drive was aimed at bringing casinos to Atlantic City only. Resorts International, with the threat of nationalization hanging over its head in the Bahamas, spearheaded the campaign, pouring more than $200,000 into the casino crusade. The gamble paid off. The wheels of fortune were given the green light in New Jersey, so long as they confined themselves to Atlantic City, faded lady of the resort world.

Even before the referendum, Resorts had been busy gathering up prime Atlantic City property. In September '76, the company purchased, for close to $2.5 million, the 1,000-room Chalfonte-Haddon Hall hotel, formerly among the most lustrous of boardwalk establishments. That property is being improved and a casino added at an estimated cost of $15 million.

The company also picked up, from the Atlantic City Housing Authority & Development Agency, some 56 acres of undeveloped boardwalk land not far from the hotel. Purchase price: $5.6 million. Resorts will shell out another $50 million-plus building a 1,000-room hotel-convention-casino complex on the site, as well as housing and ancillary facilities. One potential snag: a Philadelphia corporation has sued the Housing Authority, insisting it had prior claim to the acreage. The Authority has countered that all bets are off on that earlier agreement because the company never delivered on promises to develop the property. Resorts and the Housing Authority are confident they'll win, but construction can not begin until the issue is settled.

To date, Resorts' sole financial exposure on that tract of land is a $200,000 deposit. Under the terms of the agreement with the Authority, by January '78 the company must pay approximately $1.9 million for the parcel of land on which the proposed hotel will be built.

Obvious Questions

One obvious question: where will the $50 million-plus come from? Resorts' own resources fall far short, but no other source of financing has been tapped. The company notes in its '76 10-K report that it believes the $15-million cost of refurbishing the Chalfonte-Haddon Hall can be met with its resources and/or its cash flow from operations, "although some outside financing may be sought." It makes no such statements about the $50 million-plus needed to build the new hotel-casino.

But while the financing is still not in place for the ambitious new building project, Resorts held groundbreaking ceremonies for the Haddon Hall casino in July '77, with Atlantic City Mayor Joseph Lazarow beaming approval. (The mayor, along with a number of State legislators, has visited Paradise Island, in order they explained, to review gambling operations there.) In attendance, too, was a pride of civic and union officials. However, Resorts still must obtain a gambling license before spinning its wheels in Atlantic City, and the mechanisms for providing such licensing are not yet locked into gear. Last month, Chairman Joseph Lordi and two members of the Casino Control Commission were sworn in, but two more recently approved members still must go through the formalities. Casino license applications probably will be accepted some time in October, and then the lengthy investigative process begins. While some estimates put the first casino opening at January '78, most expectations are for spring at the earliest.

Resorts has signed up some high-powered legal talent, including Marvin Perskie, who is the uncle of New Jersey Assemblyman Stephen Perskie, a sponsor of both the original bill to hold a referendum on casino gambling as well as the subsequent enabling legislation. Another lawyer hired by the company is the brother of State Senator Joseph McGahan, who was a Senate sponsor of the enabling legislation. Under that legislation, Resorts' Chalfonte-Haddon Hall (renamed the Resorts International) is the only existing hotel in Atlantic City which qualifies, with but minor refurbishment, as an approved gaming outlet.

THIS is the second of a two-part
week's segment traced the compa
privately held concern called Marv. C
versial gambling empire with interest
Atlantic City, N.J.

This, the concluding installment,

BARRON'S
10/3/77

Comments one city worker: "Resorts is promising to drop more than $50 million in Atlantic City in construction alone. They'll provide a lot of jobs; they'll get the construction industry moving again. Governor Byrne is not going to sniff at $50 million in an election year."

Cowboy Counterparts

Anxious to dispel even the appearance of impropriety, New Jersey officials are quick to aver that the state will take a far more restrictive stance toward gambling than its cowboy counterpart, Nevada. Those interested in perusing the 80-page Casino Control Act can determine that for themselves. New Jersey is placing much stress on keeping gangsters out of not only the casinos, but also such ancillary areas as laundry and liquor. But while New Jersey has patterned much of its regulation after Nevada's, there is one significant omission.

A chat with Nevada regulators reveals that a provision they feel very strongly about is this: If an operator has gaming operations elsewhere, the regulations there must live up to those enforced in Nevada. The requirement makes it more difficult for an outside

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BARRON'S
MAGAZINE

BOARDWALK

antic City to Change Its Luck

operator to exert influence on a casino in Vegas; cuts down on juggling of the books—hiding assets, for example, in places. where tax laws are more lax; and generally enhances the ability of Nevada regulators to do their job.

Atlantic City, indications are, will pass Nevada muster: Caesar's World and Bally, to name two Nevada concerns, both plan to set up shop in New Jersey. The Bahamas, on the other hand, plainly would not qualify. The laws there are mercurial at best. According to one Nevada official, Resorts has never tried to become licensed in that state.

After the referendum, New Jersey Governor Brendan Byrne said he hoped the first casino would be in operation in November '77. At that time, the only casino with a prayer of such an early opening was Resorts. Resorts is nearly ready but New Jersey, as noted, isn't. Needless to say, the powers-that-be who oversee the new industry in New Jersey will be obligated to make a thorough check of Resorts' past and that of its officers and personnel.

In the Florida State Attorney's office in Dade County, there is a former state trooper turned chief investigator named Martin Dardis, a man who was instrumental in early revelations concerning the Watergate break-in. The state attorney's office in '72 felt there may have been Florida laws broken in connection with the Watergate burglary. Accordingly, Dardis launched a probe and concluded the case was a lot bigger than anyone thought.

series on Resorts International. Last
y's unusual evolution from a small,
rter Paint, into a budding and contro-
in the Bahamas and, more recently,

brings the story up to date.

Routine Burglary?

He scoffed at an official's pronouncement that "we are treating this as a routine burglary." "Routine burglary?" comments Dardis. "He thinks a bunch of Cubans from Miami are going to go up to Washington to rob Democratic headquarters in the middle of the night because they think they're going to find jewelry?"

In the course of his investigation, Dardis subpoenaed individual records from Bebe Rebozo's Key Biscayne Bank & Trust Co., among them those of Richard Nixon and Seymour "Sy" Alter, consultant to Resorts International. Apparently, investigators were tipped off by former Key Biscayne Bank assistant trust officer Franklin De Boer, who testified that Sy Alter was a "bagman" for Resorts, carrying cash from the Bahamas to Rebozo's bank. (No legal action resulted from that charge.) De Boer himself was the source of some suspicion. He had been convicted of stock fraud before joining Key Biscayne. And among other things, investigators were put off by his insistence that he had gotten his job as a trust officer through a classified ad in *The Miami Herald*. Dardis was fought on the subpoenas by the White House. The dispute wound up in court, where Dardis argued that Presidential immunity didn't apply. He was going after the bank's records, not the President's. Eventually, the court upheld him.

Dardis discovered that Alter kept accounts at no fewer than six banks, and one glance at his records would give the average accountant apoplexy. Alter—who later testified he was paid $25,000 by Resorts and had been given a 20-year, $25,000-a-year pension from former employer Huntington Hartford which was no longer forthcoming—dealt actively checks in amounts like $100,000 and $225,000.

A Key Biscayne bank employe, Richard Stearns, was called to testify. (He retained as counsel, on Key Biscayne Bank advice, the same firm that represented John Ehrlichman.) It was he who told of Alter's nocturnal visits to the bank to exchange thousands of dollars of small bills for larger ones. Stearns drew no conclusions: he wasn't paid to question customers' strange comings and goings. Besides, he said, the after-hours visit wasn't that unusual. It was done for lots of Bebe's friends.

Rebozo's Buddy?

Stearns was asked who Sy Alter was. A good buddy of Rebozo's, he replied. In fact, on perhaps five occasions, the bank had lent Alter large sums of money. Stearns believed that one loan was for $70,000-$80,000 and that Alter had used the funds to buy Resorts stock. In addition, when Stearns first joined the bank in '68, "Alter had a nice savings account with us."—perhaps as much as $50,000.

Alter was called to testify. After some routine questioning, he was asked how a man of his moderate means had managed to accumulate hundreds of thousands of dollars. Well, was the gist of his reply, he owned a gift shop in the arcade adjoining the Britannia Hotel. He was approached by some people who wanted to buy it. He had two partners. He sold out his share for $315,000. The buyer: General Bahamian Companies, a Vesco-controlled concern.

Alter explained that the reason he had so many accounts was that no one had ever told him that you could earn more if you bought CDs in denominations of $100,000. He had been afraid that such large sums would not be covered by federal insurance, so he spread out his deposits.

What about the after-hours visits? the investigators asked. His answer: the Bahamian government had handed down a decree requiring all merchants to change any U.S. dollars they received for Bahamian dollars. Alter instructed store personnel to squirrel away payments made in U.S. dollars, which he eventually transported to Florida.

Few who were close to the investigation were satisfied with the story. Assuming that Alter's two partners had equal shares in the gift shop, mused investigators, why was a small retail outlet vending T-shirts, cigarets

Continued on Page 12

BETTING ON THE BOARDWALK

Continued from Page 3

and perfumes worth $945.000? (What Alter paid is not known, except that he borrowed $30,000 for "opening expenses.") Why would Alter put such large sums of money in the Key Biscayne bank? Why would a bank lend a man nearly double his income—or more? Observes one investigator: "Alter says the Key Biscayne bank was handy. It's not handy. It's way the hell out of the way."

Chairman James Crosby was among the Resorts and Key Biscayne Bank officials who testified before the Senate Watergate Committee. Crosby says investigators came down to see him at Paradise Island and left satisfied that the company was clean. A former Watergate investigator told *Barron's* that he felt that it was unfinished business. "We ran out of time and money," he says. "We handed it over to the special prosecutor's office. Nothing was solved to my satisfaction."

Rolling Stone printed a story in May '76 charging—among other things—that Mary

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The cliche about railroads being broke and broken down is a myth. Nine out of ten top railroads in the country make a profit.

The Southern has made one for the past 38 years.

And, as for our being broken down, that may be true of a handful of railroads, in some parts of the country, but not all the railroads, all over the country.

This year, the Southern has earmarked more than $200 million for capital expenditures. More than half of that is going for new locomotives and freight cars. The rest is going for a new electronic freight classification yard, more sophisticated communications links, centralized traffic control systems and more "piggyback" facilities.

This $200 million amount is a record for us. But it's not a flash in the pan. Including this year's budget, we will have spent over one billion dollars in the last seven years on capital improvements.

That's nothing to sneeze at.

Why spend so much on capital improvements? Because we've found that the only way to make money in the railroad business is to be on time as much

If you lived in the Sou
what you think

Carter Paint — the compa[illegible] that would later become [illegible]sorts International — was, in effect, a shell company set up by the CIA to launder funds to support counterinsurgency groups in Central and South America. If Resorts was upset by the allegations, it failed to show it for three months—until an *Atlantic City Press* reporter picked up on the story. In August '76, Resorts hit *Rolling Stone* with a suit alleging that statements in the article were defamatory, disparaging, libelous and false. The action is still in the discovery stage.

Whatever the disposition of the suit, virtually from the start of Resorts' Paradise connection, the company showed apparent concern about mobster influence. In 1966, Resorts Chairman Crosby and lawyer Charles Murphy visited the assistant attorney general at the Justice Department to ask advice on who might run the casino. Among the agency officials Resorts talked to was Robert Peloquin, who headed up the department's strike force and also had cast an official and skeptical eye at gambling on the island. Peloquin told Crosby, in effect, that the latter had a problem: anyone with that expertise was working in Vegas and by dint of the aforementioned regulation, was not allowed to work in casino [illegible]perations elsewhere. Cros[illegible] says he decided to run the operation himself. But he walked away from that visit, he recalls, very impressed by Peloquin.

In July 1966, Peloquin left the Justice Department and went to work as house counsel for the National Football League. He left there in August '67 to set up a law firm with William Hundley, a former Justice Department and NFL colleague. Early clients included the NFL and Resorts International. Resorts was preparing to open its Paradise Island casino and retained Peloquin and Hundley to set up security. Peloquin says he was later approached by at least one other gambling concern to do the same for them, and it was then the idea dawned that such security services might be a marketable commodity. Crosby agreed to bankroll the project, and in March '70 Peloquin set up International Intelligence — Intertel — as an 86.1%-owned subsidiary of Resorts International. He stocked it with the creme-de-la-creme of the investigating world. Agents hired by Intertel have held such illustrious positions in the past as director of market surveillance for the SEC; head of enforcement for the U.S. Customs Bureau; commissioner of Scotland Yard; supervisor of intelligence activities at the FBI.

Contracts at Intertel are oral, so no client list is available, but Intertel serves some 200 interests, ranging from airports to stock exchanges to very rich people. Indeed, it was Intertel that spirited Howard Hughes away from Las Vegas. Another Intertel client: parent corporation Resorts International. Intertel heads up security operations on Paradise Island and will perform the same function at Resorts' Atlantic City casinos.

Peloquin had a head start in establishing security provisions for Resorts. He had previously watched the company from his vantage point inside the Justice Department. When Mary Carter first purchased Paradise Island, Crosby entered into a deal with Wallace Groves, a Grand Bahama operator friendly with then Minister of Finance and Tourism, Sir Stafford Sands (who Resorts says arranged the deal), and reputedly friendly with underworld figures as well, including Meyer Lansky. The coziness of the relationship spurred Peloquin, after a preliminary look, to write a memo in '66 in the Justice Department saying that the atmosphere in Paradise Island seemed "ripe for a Lansky skim." Peloquin acknowledges writing the memo, but he says it was after a preliminary look at the setup, and that the association with Wallace Groves

Continued on Page 17

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as humanly possible. And you can't do that with crumbling equipment.

In fact, we think that's why certain railroads foundered. They didn't spend enough on capital improvements and they lost a lot of business because they simply couldn't be on time.

That's why our capital improvement budget is among the top five in the country. We're in this business to make money. As we've said before, we've made a profit every year for the past 38, and we don't plan to break our winning streak now.

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SOUTHERN
THE RAILWAY SYSTEM THAT GIVES A GREEN LIGHT TO INNOVATIONS

th you wouldn't think
about railroads.

Continued from Page 12

ended before the casino opened its doors.

One of Peloquin's early moves for Resorts was to oust casino manager Eddie Cellini, because every time Paradise Island was mentioned in print, Eddie was identified as the brother of Dino Cellini, a known Lansky aide. The heat became too intense for Crosby, who told Peloquin: "I don't care if he's St. Peter—dump him." Peloquin felt bad about it: "As far as I know, Eddie had never done anything illegal in his life. He didn't even keep in contact with his brother." Huntington Hartford felt bad, too: "I kind of liked Cellini. He was businesslike, good-looking, tall."

For all its notable pedigree, super watchdog Intertel seemingly was napping when it allowed over four years of negotiations between Crosby and Robert Vesco, who wanted to purchase a majority share of Paradise Island. Vesco for some time had been under the scrutiny of the SEC, a fact that could not have escaped Intertel's attention. In addition, Bernie Cornfeld is reported to have informed backgammon partner Crosby on several occasions that the sky was about to fall in on Vesco.

> The heat became too intense for Crosby, who told Peloquin: "I don't care if he's St. Peter—dump him."

Intertel did investigate Vesco, according to Peloquin, and while no charges against him were pending, it became convinced that something was wrong. He claims that the negotiations with Vesco were slowed because of this suspicion, and, indeed, the deal with Vesco would have gone through had it not been for Intertel. "I'm proud," he says, "of the way we handled that one."

By contrast, Crosby insists he was not advised during his negotiations with Vesco that Resorts shouldn't deal with the financier. "Vesco," comments Crosby, "became a bad man overnight."

Rousing Interest

Resorts International itself has on more than one occasion roused the SEC's interest. One source close to the agency reports that "there have been red flags in Resorts' file at the SEC since they were Mary Carter Paint." He says that the last active investigation was in June '76 and concerned possible insider manipulation of the stock prior to the New Jersey referendum. Another SEC source points out the difficulty of investigating a company with the bulk of its business in the Bahamas.

A Justice Department lawyer mentions that he looked at Resorts when he was in the agency's organized crime division in the early 'Seventies. The IRS is engaged in a challenge to the company's tax returns. It is proposing substantial adjustments to taxable income reported.

If the stock market is aware of these shows of governmental interest, it has failed to respond to them. One reason may be that so far, no investigation has resulted in a formal complaint. Be that as it may, Atlantic City is largely respon-

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sible for the latest surge in popularity of Resorts' stock. As one excited portfolio manager puts it: "The numbers are incredible! Within a 300-mile radius of Atlantic City, there are 60 million people, compared to 20 million in Vegas. Right there, you've got a killing. (By that standard, muses one skeptic, the next hot spot for gambling would be New Delhi.) There are going to be only 10 or 12 casinos by 1990, so each will get a total return on investment in one year!" Says Reese Palley, a boardwalk shopowner turned entrepreneur—he has bought a major boardwalk hotel: "It's a no-brains business. You can't fail."

(It might be noted that the view on Wall Street of Resorts is not one-way. There is a very large short position in the company's stock. As of Sept. 15, it totaled 429,250 shares. On July 13, the extent of the short position prompted the Amex to place the stock on a 100% margin requirement. That restriction was lifted on Aug. 18.)

There is no reason to believe that Atlantic City is about to sink into the sea—indeed, it could prove a smashing success. At the same time, it might run up against rough sailing when and if gambling is introduced in New York City, Miami, the Catskills, the Poconos, Colorado Springs, Ocean City, Md., and some of the vast number of other places considering taking the plunge.

Atlantic City, to be sure, is first off the mark. And developers have few illusions about the work that must be done. They plan a billion-dollar transformation, literally razing what is now mostly slum and building a kind of casino theme park on the beach.

Stiff Competition

But even assuming that Atlantic City hits the jackpot, Resorts may not. For it faces stiff competition from seasoned operators like Bally, Caesar's

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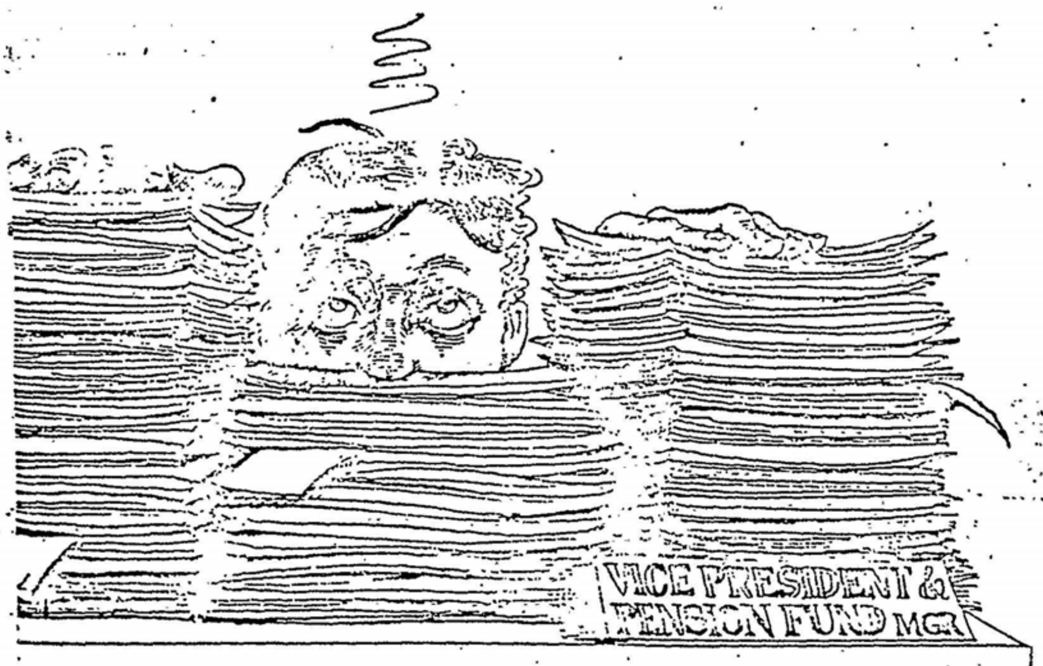

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RESORTS INTERNATIONAL INC.

☐ ITS HISTORY

☐ ITS BUSINESS

☐ ITS PEOPLE

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THIS IS → RESORTS INTERNATIONAL, INC.

Resorts International is an expanding leisure time activities company that originated in and has strong business, executive and director roots in the State of New Jersey.

We are a publicly-owned, American Stock Exchange listed company with many small and large shareholders, many of whom reside in the State of New Jersey.

We are a professionally-run, highly visible company that places the highest priority on corporate integrity and internal security ... and we have an internationally-acclaimed intelligence subsidiary, Intertel, to safeguard these two most important corporate assets.

Our company's current leisure time operations include:

Paradise Island, a complete island resort of over 650 acres, across the harbor from Nassau in the Bahamas, on which the company owns and operates tourist and resort facilities, including casino gaming.

One of the nation's largest "theme" animal exhibition parks in Redwood City, California — the only major park in the U.S. to combine marine and animal shows and exhibitions, with yearly attendance of over 900,000 persons.

Tennis United, a complete tennis complex in New York City offering versatile instruction programs taught by professionals.

A fast-foods subsidiary, National Biff-Burger, which operates a chain of limited-menu restaurants in the Southeast.

The world's oldest scheduled airline, Chalk's International, providing seaplane service from Miami to the Bahamas.

These activities, including our Intertel subsidiary, are discussed in more detail on the following pages.

In addition to these growing operations, Resorts International now has a major interest in Atlantic City, N.J., with a financial investment in a 56-acre beachfront tract and announced plans to build a $50 million luxury hotel on this site. The company is actively seeking other investment opportunities in Atlantic City.

Our company has in-depth experience in broad leisure time activities and resort operations which includes resort hotel operations in Spring Lake, New Jersey. We therefore believe that, in addition to our particular ties and background in the State of New Jersey, Resorts International has the qualified management, proven ability, lengthy experience and high level of integrity to accomplish the type of resort development within the Atlantic City area which would meet the finest standards desired by the community and the State as a whole.

James M. Crosby
Chairman of the Board

I. G. Davis, Jr.
President

A BRIEF HISTORY . . .

Resorts International began its business life in the early 1950's as the Mary Carter Paint Company, founded in Matawan, New Jersey.

In 1958, Mr. John Crosby of Spring Lake, N.J., a retired Washington attorney and former Assistant U.S. Attorney General under Woodrow Wilson, acquired Mary Carter Paint in association with Gov. Thomas E. Dewey, Lowell Thomas and several other distinguished persons.

Mr. Crosby's son, James M. Crosby, who was then president of Unexcelled Chemical Corporation in New Jersey, was named Chairman and set out to expand and diversify the company into areas of greater growth. In 1960, Mr. I.G. Davis was brought in from Rheem Manufacturing Company and named president and a director of Mary Carter Paint.

The company's first venture into the resort and leisure field began in 1963 when it purchased Bahamas Developers, Limited, which was developing and selling land at Queen's Cove on Grand Bahama Island.

The next step was taken in 1966 when the company purchased a majority interest in Paradise Island in the Bahamas from Huntington Hartford of the A&P family. The purchase was subject to three conditions set forth by the Bahamian Government:

- That the company build a 500-room luxury hotel and a 100-room inn.
- That the company cause a bridge to be built from Nassau to Paradise Island.
- That a casino be established on Paradise Island with an operating management contract given to the Grand Bahama Port Authority which, at that time, operated the only major casino in Grand Bahama Island.

Following this important acquisition, the Company changed its name to Resorts International, Inc., and sold its paint operations.

In 1967, a new government was elected in the Bahamas and caused a Royal Commission to inquire into the gambling operations at Grand Bahama Island (not connected with Resorts International). During this period, Resorts International became aware of allegations regarding the Grand Bahama gaming operations and insisted on buying out their interest for the purpose of seeking another operator. The new Bahamian Government sanctioned this move.

The chairman of that Royal Commission was Sir Ranulph Bacon, former Deputy Commissioner of Scotland Yard. He is now a member of the Board of Directors of Resort International's subsidiary, Intertel.

Anticipating the removal of the Grand Bahama casino operators, Resort International's chairman, James M. Crosby, approached the U.S. Department of Justice for help and advice on who should operate the casino. Officials there suggested that to insure honest operations, Resorts International itself should run the casino with a strong emphasis on the security of the operation.

Because of the sensitive nature of casino gambling and its past history which had a questionable image, the company was determined to set up a security system which would leave it impregnable from such elements.

Therefore, before opening Paradise Island Casino in December, 1967, Resorts International retained the services of Robert D. Peloquin and William G. Hundley,

A BRIEF HISTORY *continued*

former top officials of the U.S. Justice Department. Mr. Peloquin set up the first Strike Force Against Organized Crime and Mr. Hundley had been chief of the Organized Crime Section of the Justice Department.

Together with a number of other leading law enforcement officers from all branches of government, these men set up and supervised the entire security program for Paradise Island. This was actually the beginning of the company's subsidiary, Intertel, which is discussed in further detail below.

It has been a prime objective of the company to maintain the most stringent possible posture insofar as security of its operations. In addition, the company has endeavored to maintain a public relations image consistent with this high standard. For example, the company's first casino manager was dismissed 7 years ago because of unfavorable allegations regarding his older brother, despite the fact that his own background and performance were without blemish.

It was these stringent measures that have played a major role in the growth and success of Paradise Island. As a result, the company has attracted other large commercial investors such as Loew's, Holiday Inn and Flagler Systems as well as many private investors to Paradise Island. At the same time the company has continued to expand its own investments there.

Tourist and Resort Operations:

Paradise Island which is 170 miles southeast of Miami, Florida, is a complete resort complex, including luxury hotels, fine restaurants, a marina, a championship golf course, tennis courts, riding stables, and other leisure time activities as well as elaborate entertainment.

The company owns four hotels on the island:

- The world-famous Britannia Beach Hotel where each of its 270 rooms offers a spectacular view of the ocean or Nassau Harbor.
- The 503-room Paradise Island Hotel & Villas with a 13,500 sq. ft. ballroom.
- The Beach Inn, a 100-room hotel of traditional Bahamian architecture built on the shores of world-famous Paradise Beach.
- The luxurious Ocean Club, a 71-room complex with the atmosphere of a deluxe private club.

The elegant European-style Casino Complex with its half-acre gaming area also includes four magnificient restaurants and the 750-seat "Le Cabaret Theatre" featuring international entertainment.

The convention and business meeting facilities on Paradise Island can accomodate groups small and large. Recent meetings have included many professional associations and major companies such as Ford, Kawasaki, Corning Glass and Chrysler-Plymouth.

International Intelligence, Inc. — Intertel:

This highly-acclaimed company subsidiary, known around the world as "Intertel," has been featured in the Reader's Digest, Fortune Magazine, the Wall Street Journal, the New York Times and others, and may be described as:

A BRIEF HISTORY *continued*

... "a unique consulting organization created specifically to safeguard business from the hidden risks of vulnerability to criminal elements and to assist the states and cities in development of comprehensive crime controls."

Originally organized to provide security for the company's casino operations, it soon became apparent that the breadth, scope and experience of the men involved could be utilized for other clients as well to provide such services as:

Conducting investigations of fraud; embezzlement and misuse of company property; background checks of past associations and reputations extending beyond normal screenings; kickbacks and use of fraudulent collateral; security audits of accounting systems; bankruptcy frauds and a wide array of unusual incident *investigations and analysis.*

The Intertel Board of Directors comprises some of the most prominent and respected former law enforcement officers in the world. Its staff is drawn from state and federal law enforcement agencies.

Marine World/Africa U.S.A.:

Located on approximately sixty-six acres in Redwood City on the San Francisco peninsula in California, this is the only "theme" park in the nation to combine marine and animal shows and exhibitions.

The park features:

Performing killer whales, sea lion and dolphin shows; the only major water skiing and speedboat show west of the Mississippi; a jungle theatre show; a safari raft river ride; an elephant and camel ride; an oceanarium; an ecology theatre; a parrot show and other marine wildlife exhibitions.

Food, gift shop and specialty outlets throughout the park are being expanded and a family amusement and game center was added in 1976. Marine World/Africa U.S.A. attracted an attendance of over 900,000 persons last year.

Tennis United:

With tennis ranking as one of the nation's fastest growing leisure time activities, Tennis United offers beginners and experienced players alike the warm hospitality of a fine club together with an extensive tennis program.

Located on the fashionable east side of Manhattan, this complete fully air-conditioned tennis complex consists of glare-free illuminated courts with sport-face surfaces; additional practice courts with automatic and adjustable ball-throwing machines; men's and women's saunas, showers and lockers; a coffee bar and social lounge and an instructional film library.

Players may choose from the most versatile instructional programs in New York taught by highly-skilled professionals.

National Biff-Burger System:

Leisure time activities and fast food service go hand and hand with today's highly mobile American populace. National Biff-Burger System, a wholly-owned subsidiary of Resorts International, is primarily engaged in distribution of a limited menu of low cost foods through a chain of fast service restaurants, in the Southeast.

A BRIEF HISTORY conclusion

Chalk's International Airline:

The oldest scheduled airline in the world, Chalk's provides seaplane service from downtown Miami (Watson Island off the MacArthur Causeway) directly to Paradise Island. Regular service is also provided to Bimini, Cat Cay and between Nassau and Bimini. All flights are during daylight hours and at low altitudes which permit expansive views of Bahamian islands and waters.

Conclusion:

The Management of Resorts International is constantly on the alert for new growth opportunities, and views Atlantic City as just such an opportunity.

Once hailed as "Queen City of the Atlantic Coast," this ideally located resort city appears ready to recapture that title once again. Believing that this should and will happen, Resorts International has invested in a large beachfront tract and is drawing impressive plans for development and further investment.

OFFICERS & DIRECTORS

JAMES M. CROSBY, 49, Chairman of the Board and Chief Executive Officer:
A longtime resident of Spring Lake, N.J., and a graduate of Georgetown University, Mr. Crosby was an investment banker with Harris, Upham & Co. until 1958 when he was named president of Unexcelled Chemical Corporation of New Jersey. He sold his major interests in Unexcelled in 1966 to devote his full time to building Mary Carter Paint Company, now Resorts International.

I. G. (JACK) DAVIS, JR., 51, President Director and Chief Operating Officer:
A native of White Plains, N. Y., Mr. Davis received his B.A. from Williams College and his M.B.A. from Harvard Graduate School of Business. He served as a marketing consultant with Stewart Dougall & Associates until 1956 when he became Director of Planning for Rheem Manufacturing Company. He was named President of Resorts International in 1960. He is a member of the Racquet and Tennis Club of New York.

JOHN F. CROSBY, JR., 58, Vice Chairman of the Board of Directors:
A noted plastic surgeon, Mr. Crosby was born in Hartford, Conn. and graduated from Georgetown University School of Medicine where he later became Acting Head of the Department of Plastic Surgery. He now practices in Mobile, Ala., and is a member of the American Medical Association, the American Society of Plastic Surgeons and many other medical organizations.

WILLIAM M. CROSBY, 47, Vice President and Director:
A resident of Spring Lake, N.J., for more than 20 years, he graduated from Seton Hall University. He served as a sales executive for St. Regis Paper Company until being named Vice President of Mary Carter Paint Company in 1958. He is a member of the Tampa Chamber of Commerce, the University Club and the Hillboro County Board of Realtors.

DAVID F. EDWARDS, 68, Ass't Sec., Director and member, Executive Committee:
Born in Jersey City, N.J., and a resident of Spring Lake, N.J., Mr. Edwards received a B.A. from Princeton and his L.L.B. from Harvard Law School. He is a member of the firm of Edwards & Antholis of New York City and Morristown, N.J., special tax counsel to Resorts International. He is the nephew of former Governor Edwards of New Jersey.

HENRY B. MURPHY, 51, Secretary and Director:
A native of Trenton, N.J., Mr. Murphy was formerly Councilman at Large for eight years for the city of Trenton and a member for 12 years of that city's Central Planning Board. He attended Georgetown University and is currently president of Trenton Chair Company and M. William Murphy, Inc., and is on the advisory board of the National State Bank of Elizabeth, N.J. He was recently elected National Vice Chairman of the National Catholic Committee for Scouting.

JOHN C. MILLER, 66, Director:
Born in Danville, Ill., and a graduate of Northwestern University, Mr. Miller was formerly president of Apparel Arts, Ltd., and Berlin Chapman Welding Machinery Co. and a director of Town House Motels. Now a resident of Lost Tree Village, Florida, he is also a Vice President and Director of Mid-Continent Services, Inc., Oskosh, Wisconsin.

RAYMOND M. GORE, 49, Senior Vice President:
A resident of Summit, N.J., until 1975, and a graduate of Pace College, Mr. Gore became a Certified Public Accountant in 1955. He served as a Manager with Price Waterhouse & Co. until 1966 when he became Assistant to the Vice President—Finance at Babcock & Wilcox. He joined Resorts International in 1968.

CHARLES L. RICE, 44, Vice President, Controller and Treasurer:
A native of Durham, North Carolina and a graduate of Duke University, Mr. Rice became an auditor with Price Waterhouse & Co. in New York in 1957. He joined Resorts International in 1960 and now heads all accounting activities for the company.

H. STEVEN NORTON, 42, Vice President:
Born in Jacksonville, Fla., Mr. Norton has been in hotel and resort management since his graduation from Davidson College. Before joining Resorts International in 1967, he had been manager of the Holiday Inn in Freeport, Grand Bahama and manager of the largest hotel in the Bahamas, The Kings Inn, (now the Princess Hotel, also in Freeport, Grand Bahama).

WALTER I. ROGERS, 43, Vice President—Gen. Mgr., Paradise Island Casino:
A California native and a graduate of Fresno State College, Mr. Rogers was formerly General Manager of the Silver Slipper Casino in

Las Vegas and casino manager at the Desert Inn, The Castaways and the Alladin, also in Las Vegas.

LEROY G. BAILEY, 40, Executive Vice President, Paradise Island Operations:
A native of New York and a graduate of Cornell University School of Hotel and Restaurant Administration, Mr. Bailey was General Manager of the Princess Hotels' holdings in Freeport, Grand Bahama before joining Resorts International. He also was Managing Director of the Sonesta Beach Hotel, Nassau and Operating Manager of the Fountainbleau Hotel in Miami among other positions.

FRED F. SCHOCK, 49, President-National Biff-Burger Systems, Inc.:
Born in Spring Lake, N.J., and a graduate of Princeton University, Mr. Schock was General Manager of the Essex and Sussex Hotel in Spring Lake, N.J., before joining Resorts International as General Manager of its hotel operations on Paradise Island. He also had been manager of several other well-known hotel and resort operations.

OFFICERS & DIRECTORS

INTERTEL

JAMES M. CROSBY, 49, Chairman of the Board.

ROBERT D. PELOQUIN, 47, President and Director:
A native of Fall River, Mass., and a graduate of Georgetown University, Mr. Peloquin was admitted to the District of Columbia Bar in 1956. He was formerly Chief, U.S. Department of Justice, Organized Crime Strike Force and Senior Special Attorney in that Department's Organized Crime and Racketeering Section. He also had been a U.S. Naval Commander serving as an Intelligence Specialist.

THOMAS J. MCKEON, 46, Vice President, General Counsel and Director:
Born in New York, Mr. McKeon graduated from Fordham University and received his law degree from Georgetown Law Center. He was formerly Chief, U.S. Department of Justice, Organized Crime Strike Force in Detroit, Mich., and was Senior Trial Attorney in that Department's Organized Crime and Racketeering Section.

SIR RANULPH BACON, K.B., Director:
Sir Ranulph was formerly Deputy Commissioner of Scotland Yard and also senior member of the Gaming Board of the United Kingdom.

JEROME S. HARDY, Director:
Former Publisher of LIFE Magazine, Mr. Hardy is president of Dreyfus Corporation.

JAMES E. HAWTHORNE, Director:
Mr. Hawthorne was formerly president of Greyhound Corporation and Carte Blanche.

COMMISSIONER M.F.A. LINDSAY, Director:
Comm. Lindsay was formerly head of the Royal Canadian Mounted Police.

RUSSELL L. WEISS, Director:
Mr. Weiss is president of the Bank of Commerce, New York.

DAVID I. BELISLE, 62, Vice President:
Mr. Belisle was formerly Administrative Officer at the American Embassy, Bonn, Germany; Deputy Director of Security, U.S. Department of State and Deputy Inspector General and Deputy Director of Security, National Security Agency.

FRED G. ROBINETTE, 56, Vice President, Internal Operations:
A graduate of Catholic University and Columbia Law School, he was formerly Executive Assistant to the Assistant Commissioner, Internal Revenue Service and Assistant Chief of Investigations Division, Office of Special Intelligence, U.S. Air Force.

JOHN D. O'CONNELL, 61, Vice President, Eastern Region:
A graduate of Fordham University Law School, Mr. O'Connell was formerly Supervisor of Intelligence Activities and Special Agent for the Federal Bureau of Investigations and Security Consultant to the Commissioner of Professional Football.

R. CALVIN HILL, 46, Vice President, Canada:
Mr. Hill was formerly Police Intelligence Officer for the Royal Canadian Mounted Police and Canadian Representative to Organized Crime Strike Force in Buffalo, New York, and Chicago, Ill.

GERALD M. MARCHI, 35, Vice President, Midwest Region:
A graduate of the University of San Francisco, Mr. Marchi was formerly Regional Security Officer with the U.S. Department of State in Tokyo, Japan, Djakarta, Indonesia and Warsaw, Poland and was former assistant to Deputy Secretary of State for Security, U.S. Department of State.

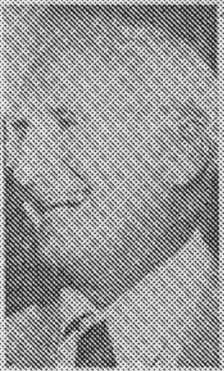
FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Many Scratch Gamble Itch

ATLANTIC CITY — They put on their finest formals and turned out by the thousands to stuff coins in 1,200 brand new slot machines, ogle showgirls and celebrate what one described as the birth of hedonism on the Atlantic Coast.

Atlantic City's elite this past weekend finally got a chance to test its luck in the first legal gambling east of Nevada, the $50-million Resorts International Hotel-Casino that plans to start playing for real money on Friday.


Lordi

EVEN THE HEAD of the state Casino Control Commission said his wife got an itch to gamble when the two stopped by the packed casino in the wee hours yesterday morning.

"When I told my wife she can't play the slots she broke down and cried," Joseph P. Lordi said.

Lordi, whose commission is expected to issue Resorts International the final permit Thursday, pronounced the casino ready for operation.

"I'm sure they are ready to go with some improvements," Lordi said after he looked over the more than 82 gaming tables and 1,200 slot machines.

Reese Palley, a bearded millionaire who runs an expensive Boardwalk gift shop, was grinning ear to ear as he eyed the gamblers stacked three- and four-deep to feed the one-armed bandits.

"In 10 years you're going to have a Disneyland with slots, a town geared to the hedonism that we need," he said.

Walter I. Rogers, Resorts' vice president of casino oper-

(Indicate page, name of newspaper, city and state.)

The Phila. Daily News

pg. 5

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sations, estimated there were 4,000 people in the casino Saturday night on the testing period's next to last day.

"What impresses me is the large number of people there," Lordi said. "It proves that a lot of people in this area like to to take a part in casino gambling."

THE "GAMBLERS," specially invited guests, were provided fistfuls of play money to try their luck at the tables for blackjack, baccarat and four other games.

But it took real silver for the slot machines, set to keep 17 cents out of every dollar.

Despite some breakdowns when the machines first started spinning Friday, there have been some big winners. Rogers said "quite a few" guests won $500 jackpots on the quarter machines.

But a former Las Vegas resident, who didn't want to be identified, wasn't impressed. He said he waited 10 minutes at a disabled machine and complained there weren't enough change girls.

"This is a rinky-dink operation," he said.

The operation was being closely watched by Mike Santaniello, casino commission senior counsel.

"We expected some problems with the slot machines," he said. "But that's one purpose of the practice, to get out all of the bugs."

ANOTHER PURPOSE of the "dry runs," which ended yesterday, was to train the 500 croupier and card dealers, many of whom are local folk recruited from other jobs.

Working a crap table was Domenick Del Vecchio, 35, of Columbus, a former Trenton beer distributor.

"I see a future in this business," he said. "This is my kind of thing, dealing with action.

"My wife was a little apprehensive at first, but I told her I gotta do this thing because I quit a good job."

Instructor (left rear) watches blackjack dealer during play-money game at shore casino

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Minimums for casino wagers are proposed

By James Manion
Associated Press

TRENTON — Minimum bets of $1 for blackjack, craps, roulette and big six were proposed yesterday by a lawyer for the Casino Control Commission who said the wagers would assure "maximum participation."

"The proposed minimums assure the profitability of the casinos and make it possible for all types of participants to play the games," said Michael Santaniello, the commission's first assistant counsel.

But the president of Resorts International, which is hoping to open the first casino in Atlantic City on Thursday, said the $1 minimums would make it impossible to pay for top entertainment and attract future investment to Atlantic City.

"We plead to you for flexibility," said I. G. Davis, Resorts president after the minimum wagers were proposed at a commission meeting here. "If the market isn't here, we, ourselves, will drop the minimums in 30 minutes."

The commission deferred action until Thursday on Santaniello's proposals for these casino games at Resorts:

- Blackjack: Of 60 tables, six would have $1, 20 would have $2 and 12 would have $5 minimums.
- Craps: Of 10 tables, two would have $1 and four would have $2 minimums.
- Baccarat: At least one of the three tables would have a $20 minimum.
- Big six: All three tables would have $1 minimums.
- Roulette: Of 10 tables, half would have "inside" bets of $1 and "outside" bets of $2.

Santaniello said he did not believe the state should set maximum bets now. On tables without a set minimum, the house would set the betting price.

Davis said that if Resorts was not allowed to set its own standards, it should be authorized to set a minimum of $2 at 10 percent of its blackjack tables between 10 a.m and 8 p.m.

He said $5 minimums for craps and roulette, $1 for big six, and $20 for baccarat would be tolerable. Davis said about 900 slot machines would receive wagers of $1 and less.

Robert Martinez, director of the State Division of Gaming Enforcement, said he thought that low minimums might encourage gambling among persons who could not afford it..

But Commissioner Albert Merck said high minimums would "force the small bettor to play the games with the worst odds, discourage the average bettor from playing except for a short time. . . ."

Earlier, the commission granted licenses to more than 300 pit bosses, dealers and supervisory personnel, and Davis said Resorts could begin operations with more than 400 licensed casino employes.

If the commission approves a certificate of operation for Resorts on Thursday, Resorts will try to begin a complete gambling schedule the same night, company officials say.

(Indicate page, name of newspaper, city and state.)

~~p.2~~-C"Philadelphia Inquirer"
Philadelphia,Pa.

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PEOPLE-TALK, ETC.

Former Prime Minister of India **Indira Gandhi** will be tried by a special court for offenses she allegedly committed during her emergency rule... **Jeff Carter,** the President's son who sold exclusive photographs of his cousin's wedding to Time magazine, says he has not decided whether to give the proceeds to charity or to buy a new camera lens... Bilingual country music man **Freddy Fender** had his tonisls removed at a Dallas hospital yesterday to cure his snoring... First Mother **Miz Lillian,79,** will receive an honorary doctorate of human letters from Florida State University at Tallahassee tomorrow ... Comedian **Jimmy Durante,85.** is responding well to treatment for a respiratory ailment and may be allowed to go home next week, California hospital officials say... Except for an unobtrustive visit from **Charles G. "Bebe" Rebozo,** the opening of Resorts International Hotel Casino in Atlantic City last week apparently did not attract a long list of VIPs... **Rosalynn Carter,** Supreme Court justices and members of Congress attended a round of events yesterday on the eve of the formal opening of the highly acclaimed new wing of the National Gallery of Art.

—JULIE LIEDMAN

(Indicate page, name of newspaper, city and state.)

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Atlantic City Casino Gambling to Start Thursday

By MARTIN WALDRON

Special to The New York Times

TRENTON, May 22—The Casino Control Commission licensed 293 dealers and 30 pit bosses today, and Resorts International Inc. said it would open its gambling casino at Atlantic City on Thursday night, a day earlier than had been expected.

The commission licensed the pit bosses even though most of them had not filed financial statements as required by commission regulations. Pit bosses supervise the gambling operations.

Resorts officials asked the commission to allow $5 minimum bet for blackjack and craps. A decision was delayed until Thursday morning when the commission will meet again to approve final regulations and to approve licenses for 200 more dealers whose applications are being processed.

I. G. (Jack) Davis, president of Resorts, said that the company might not have come to Atlantic City if it had thought it would be forced to adopt the $1 and $2 minimums recommended for up to 65 per cent of its tables.

The licensing of the pit bosses who had not filed required information provoked a dispute among the five commission members, and two of them—Albert W. Merck and Alice Corsey—did not vote to license them. The commission chairman, Joseph P. Lordi, and Commissioners Kenneth A. MacDonald and Prospero DeBona voted to go ahead after Robert Martinez, an official of the Attorney General's Department, said an investigation of the 30 pit bosses had not disclosed any irregularities.

State regulations require that pit bosses and other "key" employees of casinos file financial statements so that the commission can determine if they are "financially" stable.

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P3B "The New York Times"
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FD-350 (Rev. 10-19-77)

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Jersey Casino Reports Foiling A Few Cheaters and Prostitutes

By JAMES F. CLARITY
Special to The New York Times

ATLANTIC CITY, May 29—The chief security executive for Resorts International said today that in its gambling casino's first four days of operation at full capacity here, there had been few problems with robbers, cheaters and prostitutes.

"I'm almost shocked at the lack of trouble," said Robert D. Peloquin, president of Intertel, the security subsidiary of Resorts, as he stood in the hotel lobby watching crowds in the casino dwindle slightly this afternoon. While clammy weather and fear of traffic jams kept holiday weekend crowds well below the half million some officials expected, the casino was virtually packed every minute in its first three days in business. Today it was more comfortably full.

The rest of the city, except for a mile or so of boardwalk near the casino, got relatively little tourist business over the Memorial Day weekend. The police and city officials had predicted a weekend influx of as many as 400,000 cars, but this afternoon the police estimated that only 183,000 cars and 300,000 people had come since Friday night.

Several Arrests Reported

Mr. Peloquin, who declined to estimate the number of visitors to the casino (unofficial estimates of 200,000 floated around the hotel) said: "It was extremely peaceful, considering the tremendous crowd we had in here."

One armed robber, two purse snatchers and several pickpockets were arrested, he said, some spotted by plainclothes house security officers, others by the casino's ceiling television cameras.

In one instance, a man robbed a woman at knifepoint of several hundred dollars worth of gambling chips, but he was arrested "within 35 seconds because the cameras had picked it up, Mr. Peloquin said.

Management operatives, who use a rogue's gallery of photographs to guide them, also ejected 13 "known cheats" from the casino.

"They were all professionals," Mr. Peloquin said. "Some try to work at the slot machines, drilling into them. We also caught two dice switchers and one shoe switcher," the last a reference to legerdemain in which a house card dealer is distracted by a contrived disturbance while his box, or shoe, holding as many as 208 playing cards, is removed and replaced with a box with the cards set in an order that will give the cheater a decided advantage during play.

Prostitutes Reported Ejected

Some prostitutes have tried to work the casino, Mr. Peloquin said, but all were easily identifiable "locals" and were quietly asked to leave. The Atlantic City police said they had arrested one prostitute in the Resorts casino lounge after she had solicited an undercover officer for $50.

"We have not been inundated with hookers," Mr. Peloquin said. Casino operators in Las Vegas say that it is impractical to deny a request by a "high-roller," or heavy gambler, for a prostitute. Mr. Peloquin acknowledged this Nevada option but said, "Here, we are simply not going to provide them."

A few minor criminal deceptions developed over the weekend; some the house overlooked, others it countered. An undisclosed number of slugs were deposited by gamblers in the slot machines, jamming them. Other slot machines were jammed by players who tried to operate dollar machines by putting quarters in them.

One small black market prospered briefly. The hotel had been issuing small plastic lapel buttons to registered guests, permitting the holders to get into the casino immediately without waiting up to three hours on the boardwalk with nonguest gamblers. The buttons quickly began selling for $5, and after a day of this, the hotel declared the buttons void and required registered guests to show their room keys to get casino priority.

On the boardwalk, there were two small attempts at gambling competition for the casino. Both of these were by professional outdoor card hustlers who moved three playing cards around and bet passers-by that they could not keep track of the position of a face-down ace. Both of these operators were arrested by the city police.

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P3B "The New York Times"
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FD-350 (Rev. 10-19-77)

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Dateline: Trenton

Byrne's Pan Am jaunt discredits his 'no freebie' stance

By FRANK VAN DUSEN

Former President Richard M. Nixon gave a new version to the old adage, "practice what you preach," when he instructed White House reporters several years ago to observe what he did, not what he said.

Gov. Brendan T. Byrne apparently updated the Nixon version last week with an admonishment to legislators to do "what I tell you, not what I do."

Byrne didn't actually come out and say that. But his actions and those of his hirelings certainly gave that impression, when they reacted to Resorts' hopes to host state legislators and officials to a free evening in Atlantic City this week.

Both Byrne's staff aides and the Attorney General's office urged state officials not to accept any freebies from Resorts.

The idea of the regulated industry hosting without charge the regulators and rule makers is repugnant, as well as an all too familiar government-industry practice.

The ironical twist to the Byrne Administration's "no freebie" stand is the governor just came back from the biggest freebie of all.

Pan American Airlines took the governor and his family on a trip to the Far East.

Pan American pays fees to the New York and New Jersey Port Authority for the use of its airports in both states. Byrne has veto power over the authority's actions such as the use of supersonic airliners at the airports and landing fees.

(Indicate page, name of newspaper, city and state.)

P5A "Sunday Press"

Atlantic City, N.J.

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The whole question of the relationship between state officials and regulated industries is increasingly a subject of debate, as it should be.

The legislative ethics committee has suggested that the only contact between the casino industry and legislators should be on a "casual" basis or as a patron, presumably a paying patron. A Gloucester County legislator was forced to sell his interest in a slot machine sales company as a result.

The executive committee on ethics has given more leeway to executive officials not directly involved in casino regulation.

Racing Commission Chairman Charles Carella was given the green light to try his business luck in the casino industry.

The state's casino regulators have strict pre-employment and post-employment standards that mandate separation between the industry and the regulators.

With the exception of the waiver given to Casino Commissioner Prospero DeBona's ownership of 100 shares of Bally stock, that prohibition is apparently being respected.

The state needs strict standards, if it plans to do more than pay lip service to having properly run casinos.

The first step towards those standards is a governor who practices what he preaches.

FD-350 (Rev. 10-19-77)

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Resorts Stores Massive Supplies

By DANIEL HENEGHAN
Press Staff Writer

ATLANTIC CITY — What drinks 300 cases of liquor a day from more than 96,000 glasses with at least 12 tons of ice?

The patrons at Resorts International Hotel Casino. At least that's Ralph Taylor's bet.

Taylor, a vice president in the company, is in charge of ordering all the food and drink to keep guests, visitors and gamblers happy and the massive supplies he has ordered offers a glimpse at what everyone calls "the impact of casino gambling."

"We have several hundred more cases of champagne and several hundred cases of more liquor," he said, detailing some of the plans he's made to cope with the crowds the hotel will draw after the casino opens.

"I've ordered 8,000 dozen glasses, mostly the highball and Old Fashion size, and a million plastic glasses," Taylor said.

He doesn't really expect to use all of the glasses at once, but he has to make sure he has enough.

"Most of them are for the Pennsylvania Room," he said, which has been converted into the "Superstar Theater."

"If we seat 1,800 in that room and if everyone has two drinks, that's close to 4,000 glasses. We'll have four shows a night sometimes, and I'm not sure whether we will have the time to wash all those glasses between shows," he said.

It will take 25,000 pounds of ice each day to keep all those drinks cold, Taylor said, considerably more than the 600 pounds on an average day before gambling.

A new liquor distribution system has been installed to most of the service bars, the ones where waitresses get drinks for customers seated at tables. Instead of distributing case after case of liquor to the various stations, the alcohol is pumped from a central distribution point through plastic hoses to the bars, Taylor explained.

For the smokers who visit the hotel, Taylor has ordered 4,000 dozen new ash trays, "but we expect that those will go very fast."

When Resorts first took over the former Chalfonte-Haddon Hall almost two years ago, there was a total of approximately 200 waiters, waitresses, cooks, chefs and bartenders in the food and beverage department.

"The department has grown from 200 to more than 800 people," Taylor said. "We have 200 to 250 cocktail waitresses alone and we are going to have nearly 100 bartenders where I don't think the hotel had 10 before."

With a projected ten-fold increase in the number of meals served, the size of the cooking staff has jumped from 50 to about 200.

And in the dining rooms, Taylor expects to need at least 80 "Steamship Rounds" of roast beef, each of which weighs 60 to 70 pounds, each week compared "almost none" in the past.

(Indicate page, name of newspaper, city and state.)

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Also Runs 2 in Bahamas

Manager of A.C. Casino Confident of Operations

By The Associated Press

ATLANTIC CITY — As casino manager of Resorts International Hotel Casino, Walter I. Rogers is in charge of the nuts and bolts of the first legal gambling here.

Rogers, 44, has spent the past 20 months designing the new 40,000-square-foot Resorts casino and getting it ready for opening day.

"Few casino managers have the opportunity to design their own casinos as I have," he said. "We will have one of the most modern facilities of its kind in the world."

Rogers and other Resorts officials expect their casino will gross $100 million a year, about five times what Resorts' casino on Paradise Island in the Bahamas produces.

"This is only an estimate, however, since no one can predict what to expect in Atlantic City. There is no record to go by," Rogers said.

Rogers, who was recently promoted to vice president of casino operations, now runs three casinos for the firm — in Freeport and Paradise Island, both in the Bahamas, and here.

Each of the Bahamas casinos employs more than 260 persons, who run 45 tables and 350 slot machines.

Here, Rogers will eventually oversee about 1,000 casino employees, 2,000 slot machines and 76 gaming tables.

Resorts expects in a few years to open a new casino hotel of at least equal size on vacant land nearby. Rogers will be the boss there, too.

Born in Eureka, Calif., Rogers grew up in San Francisco and was graduated from Fresno Stae College as a biology major. He decided to become a dealer after a ski trip took him to Lake Tahoe, Nev., in 1969.

He worked in the Las Vegas casinos Castaways, Aladdin, Desert Inn and Silver Slipper and joined Resorts in the Bahamas in 1973.

Rogers has attracted a following of customers over the years who he expects will turn up here. He has also brought in supervisors and managers from Nevada and the Bahamas.

Rogers expects good business all year round in Atlantic City.

"There are good highways to Atlantic City," he said. "Even this past winter people still managed to get here. It is certainly no worse than Lake Tahoe, where at certain times the winter roads are completely closed.

"When things are slack, we utilize bus tours and other things," he said. "I expect that even in the dead of winter we'll be booked solid on weekends."

Rogers said Atlantic City casinos will be unique. He said he's more worried about crowd control than in attracting customers.

"Here, the huge concentration of population means that we have to throw away the books," Rogers said.

(Indicate page, name of newspaper, city and state.)

P14B "Sunday Press"

Atlantic City, N.J.

Date: 5/21/78

Edition:

Title:

Character:
or
Classification:

Submitting Office: PH

92-4464-44

[redacted]

SEARCHED
SERIALIZED
JUN 1978
[redacted]
[redacted]
FBI — PHILADELPHIA

b6
b7C

WALTER ROGERS
Mr. Nuts and Bolts

The following information concerning Resorts International was obtained from [redacted] during his debriefing by Special Agents of the Philadelphia Division on March 1 and 2, 1978. The information is as follows:

b6
b7C
b7D

In October of 1972, [redacted] learned that [redacted]

X

6/6/78

TO: SAC, NEWARK
(PERSONAL ATTENTION)

FROM: SAC, PHILADELPHIA

SUBJECT: RESORTS INTERNATIONAL
INFORMATION CONCERNING

should be RICO

Enclosed for Newark, personal attention SAC THOMAS J. EMERY, is an insert containing information relative to Resorts International as furnished to Philadelphia Special Agents during a debriefing of [redacted]

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[redacted] [redacted]

b6
b7C

[redacted] Newark (Encl. 1)
lphia

[redacted]

SAC

4/3

FD-302 (REV. [illegible]27-70)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 6/1/78

MICHAEL FANNICK, 20 North Lehigh Avenue, Frackville, Pennsylvania, was interviewed by Special Agents [redacted] [redacted] and [redacted] who identified themselves to him as Special Agents of the Federal Bureau of Investigation (FBI). FANNICK was advised he was being interviewed concerning his knowledge of [redacted] and any connection they may have with Resorts International Hotel. FANNICK advised that he has known [redacted] for approximately 20 years. He has never had a business relationship with [redacted], however, was in business with [redacted]

b6
b7C

FANNICK stated that during 1972 he had two businesses, Fannick Incorporated, a plumbing and heating company, and ILD Enterprises, an improvement, leasing, and development corporation. At this time, [redacted] wanted to get into [redacted] however, he was unable to obtain bonding so he could bid and get these jobs. [redacted] wanted to operate under Fannick Incorporated so he could obtain the necessary bonding. [redacted] began working under Fannick Incorporated and the bonding was obtained. The first job was in Plymouth Township, Pennsylvania, which was won with a $20,000 bid. A second [redacted] job was obtained in 1974 for $226,000 in Schuylkill County, Pennsylvania, and during this job, [redacted] pulled out and refused to furnish any money to pay the debts and this burden fell on Fannick Incorporated and ILD Enterprises, and both of these went broke.

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FANNICK stated that at the present time STEVE POSTUPAK, sub-contractor for the Re-vegetation of the land on this job, has Fannick Incorporated, and the bonding company sued. FANNICK stated that if POSTUPAK wins his case, and if he himself has to pay he intends to sue [redacted]

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FANNICK stated that he has never had any business dealing with [redacted] however, he knows that [redacted] [redacted] was making approximately one quarter million dollars a month [redacted]

PH 92-4464

Interviewed on 5/25/78 at Sheppton, Pennsylvania File # ~~NEWARK 183-516~~-44

by SA
SA [redacted] [redacted] Date dictated 5/31/78

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FANNICK stated that [redacted] went to the Bahamas b6
and purchased [redacted] sometime around 1970, and paid b7C
around one million dollars for it. In the Bahamas this
[redacted] is known as [redacted] and in the United
States it is known as [redacted] FANNICK stated that the
[redacted] then [redacted]
[redacted] and at this time they sold [redacted]
to Resorts International, for approximately $20,000.

FANNICK stated that [redacted] also had a boat in b6
the Bahamas and socialized with JAMES CROSBY of Resorts. b7C
[redacted] also was friendly with [redacted] (Phonetic),
a Bahamian, who is an attorney in that country.

[redacted] would on occasion use the Zerby Airport, Schuylkill County, Pennsylvania on business trips.

FANNICK stated that based upon [redacted] friendship
with JAMES CROSBY, and since Resorts International purchased
[redacted] for a minimum price, he feels that the [redacted] b6
have some type of interest in Resorts International. He b7C
stated that he has not personally seen any money the [redacted]
were keeping in their house. He noted that [redacted]
and [redacted] were childhood friends and [redacted]
told [redacted] in the past that they always had money in the
house. FANNICK stated his last dealings with the [redacted]
was in late 1974 or early 1975 at the time [redacted]
pulled out and Fannick Incorporated and ILD went broke.
FANNICK stated he had never overheard [redacted]
talking about the money they may have in their house or taking
money to New Jersey.

FD-36 (Rev. 7-27-76)

FBI

TRANSMIT VIA:
☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:
☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:
☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ E F T O
☐ CLEAR

Date 6/9/78

TO: SAC, PHILADELPHIA

FRO[redacted]AC, NEWARK (183-516)

SUBJE RESORTS INTERNATIONAL CASINO HOTEL -92-4464*-92-4464*
ATLANTIC CITY, NEW JERSEY
RICO
OO: NK

serial refs.

b6
b7C

Enclosed for Philadelphia are two copies of an FD 302 reflecting interview of MICHAEL FANNICK, Frackville, Pennsylvania. It is noted that FANNICK was interviewed by SAs [redacted] of the Philadelphia Division and [redacted] of the Newark Division.

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b7C

FANNICK was interviewed to determine if he had knowledge of any connection between [redacted] with Resorts International and to determine if he ever overheard [redacted] talking about [redacted] in the 1976 New Jersey Casino Referendum.

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The above allegations have been received from a source of the New Jersey Division of Gaming Enforcement and the source also gave the same allegation to the Miami Strike Force. AUSA [redacted], Strike Force, Camden, New Jersey, advised that the Gaming Enforcement source and the Maimi Strike Force source is one and the same. This information apparently originated with [redacted] (PROTECT) of the [redacted] area.

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92-4464-45

SEARCHE[redacted]NDEXED[redacted]
SERIALIZ FILED_
JUN 14 1978
FBI—PHILADELPH[redacted][redacted]

2 - Philadelphia ~~(Enc. 2)~~
2 - Newark
[redacted]
(4)

[illegible] allentown lead to [redacted]

b6
b7C

Approved: ____________ Transmitted ____________ (Number) (Time) Per ____________

GPO : 1977 O - 225-539

LEAD

PHILADELPHIA

AT PHILADELPHIA, PENNSYLVANIA: Philadelphia is requested to furnish interview of [redacted] conducted by SA [redacted] of the Philadelphia Division on 4/12/78 at Sicklerville, New Jersey, with SA [redacted] Newark Division.

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b7C
b7D

AT [redacted] Will attempt to interview [redacted] and determine his specific allegations regarding the reports and also determine to what agency he has furnished this information.

FD-36 (Rev. 2-14-74)

FBI

Date: 6/7/78

Transmit the following in ____________________
(Type in plaintext or code)

Via AIRTEL ____________________
(Precedence)

TO: [redacted] SAC, PHILADELPHIA

FROM: SAC, NEWARK (183-516) (ARA) (P)

92-4464*
+refs

SUBJECT: RESORTS INTERNATIONAL CASINO HOTEL
ATLANTIC CITY, NEW JERSEY
RICO
OO: NEWARK

b6
b7C

For information of Philadelphia, Newark has re-instituted an investigation of Resorts International based upon various allegations furnished by the Strike Force, Camden, NJ.

Philadelphia is requested to forward any information that office may be in possession of that would indicate that Resorts International is connected with any organized crime figure or that Resorts acted illegally during the 1976 New Jersey Casino Referendum.

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b7C

② 2-Philadelphia
2-Newark
[redacted]
(4)

[redacted]

[redacted]

File me PLEASE

[redacted]

92-4464-46

SEARCHED INDEXED
SERIALIZED FILED
JUN 9 1978
ELP

[redacted]

[redacted]

Approved: ____________________ Sent ____________ M Per ____________
Special Agent in Charge

GPO : 1975 O - 590-992

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

The big money still isn't backing casinos

By Robert L. Waters
Inquirer Business Writer

A cynic might find humor in the refusal of big insurance companies t invest in casino-hotels in Atlantic City.

To the cynic, after all, insurance is little more than a highly refined form of gambling, one in which the odds favor the house as least as much as they will at the slot machines and baccarat tables of Resorts International Hotel.

The people who are trying to pu casinos in business are far from amused, though, because their inability to attract loans and mortgages from the insurers and big banks has so far prevented all but one casino project — Resorts International's — from advancing past the blueprint stage.

It is the reluctance of these investors, more than anything else, that explains why Resorts is likely to be the only casino in town for at least six months and probably longer. It also explains why, 18 months after New Jersey voters approved casino gambling, the first brick has yet to be laid on any significant new hotel project in the city.

"There's no doubt about it. Financing has been the single biggest problem in delaying the opening of casinos in Atlantic City," said William J. Callnin, a Philadelphia-based consultant whose firm, Laventhol & Horwath, is providing advice, accounting, research and other services to 10 of the city's casino-hotel projects.

Assuming that licensing requirements could be met, Callnin said in an interview last week, "I think we'd have three casinos ready to operate today if it weren't for financing problems."

Few of the corporations or individuals trying to open casinos have the financial resources to do so without some outside help. It costs big money — at least $70 million to $90 million — to build from scratch a casino-hotel of the legally required size. Even with an existing two-hotel complex — the Chalfonte-Haddon Hall — to work with, Resorts International Inc. is spending about $50 million to prepare for the opening.

In most industries, a company planning an investment of this size would go to two places. For short-term financing of many of the construction expenses, it would try to arrange a loan from a large bank, or a group of banks. For long-term financing, the company would look for a mortgage or a similar arrangement, and usually the only sort of financial institution that is interested in committing large amounts of money for 20 or 30 years is a large insurance company.

Casino gambling, however, is not a conventional industry. It is fantastically profitable, for one thing. Well-managed casinos in Nevada, for example, regularly return $20 to $25 a year for every $100 invested.

Such numbers have failed, in the minds of the conservative investors at the financial institutions, to out-

1

(Indicate page, name of newspaper, city and state.)

P1A "The Philadelphia Inquirer"
Philadelphia, Pa.

Date: 5/22/78
Edition: Vol.# 298 No.# 142

Title:

Character:
or
Classification:
Submitting Office: PH

#1

92-4464-47

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
MAY 31 1978

[redacted] [redacted] DOJ

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b7C

weigh concerns about the gambling industry's history and reputation.

"At the bottom line, it's just stigma," said Richard Gillman, vice president of Bally Corp., which is planning a large casino-hotel complex in Atlantic City. "On a conventional hotel we could get financing tomorrow," he said.

Bally, a company best known for manufacturing slot machines, pinball machines and other gaming devices, has somewhat of an advantage in Atlantic City, because its size and good financial condition give it the option of going directly to the public with a bond sale if other financing is not available.

The backers of most of the other projects are less fortunate. According to Callnin, of Laventhol & Horwarth, both the Howard Johnson's Regency Motor Hotel and the Shelburne Hotel could have been ready to open this week, along with Resorts, had financing been available.

An investor in the Howard Johnson's project confirmed Callnin's assessment, althouth he declined to be quoted and would not elaborate. Shelburne officials refused to comment.

An informal survey of a number of banks and insurance companies produced evidence that at least some banks might eventually be interested in short-term loans to casino projects, especially if one or more of the early projects is profitable.

With insurance companies, however, it may be a long time before any significant investment occurs. The nation's three largest insurers — Prudential Insurance Co., Metropolitan Life Insurance Co. and Equitable Life Assurance Society — all have specific policies against casino investment.

Claude Ballard, Prudential's vice president in charge of real estate investment, has said several times in the past year that the company has no intentions of making casino investments and has indicated that the decision is at least partly based on the gambling industry's image.

"We feel we are a significant social force as well as a financial one," Prudential spokesman James Longo said in a recent interview, adding that the decision not to invest was "definitely on social-moral grounds."

It is this stigma that the casino interests are fighting hardest to overcome.

"If you can get past the stigma door, then it's a risk situation," said Dean Macomber, another consultant at Laventhol & Horwath.

The Nevada experience

Most of the casino people are confident that if financial institutions would evaluate the industry strictly in terms of risk, they would certainly finance casinos.

According to figures from the Nevada State Gaming Control Board, for example, the average annual return on net equity of the 108 major casinos in Nevada was 16.3 percent in 1977, and returns of 20 percent to 25 percent were fairly common for some of the better-run operations.

The performance of the Nevada casinos was instrumental in winning the casino industry an important ally — First National State Bank of New Jersey in Newark. Though smaller than a score of banks in Pennsylvania and New York, First National State is New Jersey's largest, and besides participating in several existing and pending financing deals, it has become in recent months an advocate of investments in the casino industry.

Directing the bank's involvement in casino investment has been William Faherty Jr., a vice president who believes that "Atlantic City cannot miss," and who has been "pounding the streets of New York" to try to persuade other banks and insurance companies to get involved.

Some of the bank's effort has been paying off. In January, First National State led a group of three banks in putting together an $11 million construction loan to Resorts International. And according to Faherty, some major banks and several New Jersey banks are expressing "a good deal of interest" in making loans or participating in a consortium that does so.

One reason for the reluctance to invest, Faherty said in a recent interview, is that New Jersey casinos have "no track record" and that prospective investors are reluctant to attach great significance to the industry's performance in Nevada.

First Pennsylvania Bank officials, for example, who have been approached by investors or potential investors, still perceive a substantial risk in Atlantic City investments.

"I really think we have something very different here from Nevada," said Norman Miller, executive vice president at First Pennsylvania. "One of our problems is that we're talking about so much of an unknown."

Still, the willingness of many bank officials to discuss such investments is considerably greater now than it was a year ago. Few, however, are willing to tie up their resources for longer than five to seven years.

Pension funds unavailable

"I don't think we're shying away from (casinos)," a Philadelphia National Bank spokesman said, "but we're not in the business of long-term conventional mortgages."

One source of long-term financing that the Nevada casinos were once able to call upon regularly — union pension funds, particularly the Teamsters' — is no longer easily available, in many cases for legal reasons. This leaves the Atlantic City projects that need long-term financing hoping that the insurance companies will eventually come around.

"If you ~~can't br~~eak the insurance companies," Faherty said, "what are you going to do?"

As a result, the projects that need financing, in most cases, will have to remain in limbo while the projects for which cash is available begin construction.

Of those, there are two that show particular promise: Bally Corp and Penthouse International Ltd.

Bally Corp. announced Wednesday that it definitely had financing for its proposed $85 million hotel-casino to be built on the site of the Marlborough-Blenheim.

Penthouse International Ltd. will be able to finance from internal sources the conversion of the existing Holiday Inn and Four Seasons Motel into a casino-hotel. This casino, which will be renamed the Penthouse Atlantic, could be ready in as little as six months. It probably will be the second casino to open in Atlantic City.

High interest rate

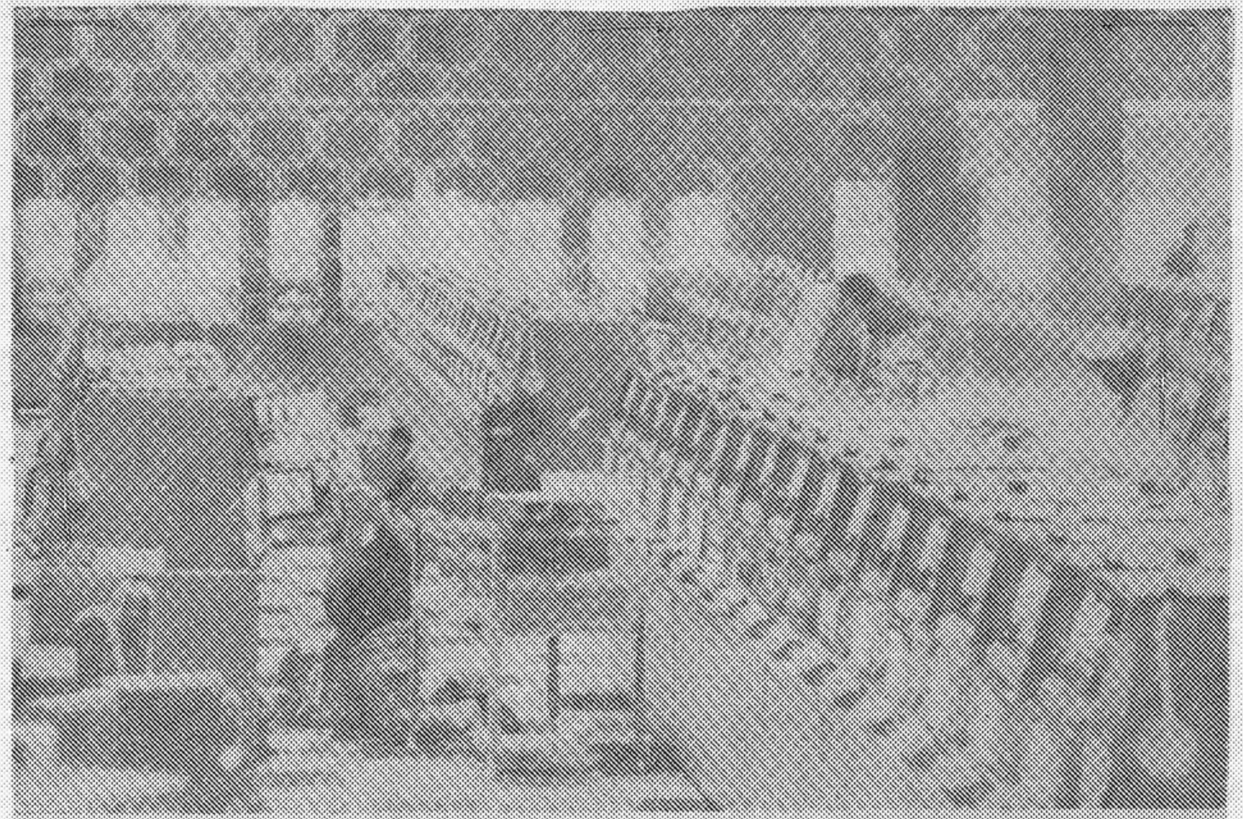
If and when loans and mortgages become available for the remaining projects, the price will be steep. Major banks are ~~now offering~~ interest rates of 8¼ percent to their most credit-worthy customers, but casino backers are involved in a number of prospective arrangements in which the rate is around 11 percent.

"The interest rates are extraordinary," Callnin said. "The perceptions of risk and stigma are all lumped together."

Most of the casino people are confident, however, that the income generated by their operations will be more than enough to cover the cost of borrowing and if the experience of casinos in Nevada and abroad is an indication, their confidence is quite justified.

They are less confident, but equally hopeful, that once the dealers start to deal and the wheels start to spin at Resorts International, the resistance of the financial institutions will begin to erode. Faherty thinks that some of the medium-sized insurance companies — "the ones below the top 20" — are the most promising prospects.

"We're hoping that once Resorts establishes a track record . . . people in the insurance companies will come around and relook at this situation in Atlantic City," Faherty said. "Somewhere along the line, one of these majors will start doing something. But we don't know when — and th~~at's the~~ problem."



Associated Press

Casino employes make the final preparations for Friday's debut of the slot machines

FD-350 (Rev. 10-18-77)

(Mount Clipping in Space Below)

TV Security Lens In Atlantic City Can Pick Out Dot On 'Snake Eyes'

By DONALD JANSON

Special to The New York Times

ATLANTIC CITY, May 23—Gamblers may gasp at the bold red, yellow and orange carpeting on the floor and silver and mirrored details on the chocolate brown ceiling of New Jersey's first legal casino here at Resorts International Hotel.

Some of the striking details, however, are not part of the work of the noted interior designer Valerian S. Rybar. They are disguised segments of an elaborate security system designed to frustrate cheating or theft when the casino opens next Friday.

"It is by far the most advanced system in the world," Robert D. Peloquin, president of Intertel, the corporation's security subsidiary, said during a tour today.

Intertel and state officials believe the security system and the state role in it are superior to those in Nevada, the only other state with legalized casino gambling.

Closed-Circuit TV on Guard

Silvery looking details not actually part of the chocolate and silver wall and ceiling decor include scores of cone-like bubbles in the ceiling. Behind them are hidden closed-circuit television cameras that photograph every hand movement, playing card and gambling chip in the room. There will be 102 cameras by the time the casino is enlarged from its present 33,000 square feet to the 60,000 square feet planned.

A shiny, decorative-looking strip along one wall just under ceiling level is not a Rybar touch but a one-way mirror. Inspectors on a balcony behind this "eye in the sky" can observe all the floor action unseen by anyone on the floor.

Two rooms on the hidden balcony are hubs of surveillance activity. One has a battery of television receivers on 180 panels that bring the action photographed by the ceiling cameras to eye level for Intertel inspectors. The other gives state inspectors access to the same receivers and dual control with Intertel of the same cameras.

If the Intertel operator of the console in front of the wall of receiver panels wants a close-up of ~~the dealer~~ or a particular gambler at a table in the baccarat pit, for example, he can dial 3 and 7 for the No. 37 camera.

The zoom lens does the rest.

"From out of sight up here," Mr. Peloquin said, "I can tell if your finger nails are dirty down there."

The cameras also can pan in any direction at the behest of the hidden operator.

"We have $800,000 to $1 million in security equipment alone," Mr. Peloquin said.

In addition, a great deal is invested in personnel.

150 Security Men Involved

The Intertel security force of 150 watchers is supplemented by 200 casino pit bosses, supervisors and inspectors.

The 200 casino employees are visible to the public, but the Intertel people are in street clothes and mingle and participate like players or spectators.

All 350 are there for the sole purpose of making sure that the games are dealt properly and honestly and the slot machines are not tampered with.

"Some people make a living or a hobby of trying to cheat casinos," Mr. Peloquin said. "They may try to corrupt employees by offering to split winnings."

A dealer who went along with such a scheme might try to change the shoes holding the card decks or use sleight of hand in dealing. So both inspectors and cameras scrutinize both dealers and players.

The sophisticated camera system permits taping in the console room of anything photographed that looks suspicious to the trained observers on the balcony or on the floor. All members of the security force are in touch with each other by telephone and two-way radio through a communications booth in a back corner of the room.

"We communicate quietly," Mr. Peloquin said, "well below the fairly high noise level in the casino."

Taping of camera observations permits replay in slow motion to pinpoint any illegal manipulations by dealers or players with dice or cards.

Slot machines call for special security vigilance.

(Indicate page, name of newspaper, city and state.)

P1B "The New York Times"
New York, N.Y.

Date: 5/24/78

Edition:

Title:

Character:
or
Classification:

Submitting Office: PH

A1

92-[illegible]-48

[redacted]

[redacted]

[redacted]

[redacted]

b6
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[illegible]

Slot-Machine Cheats Costly

"Slot-machine cheats are a casino's biggest dollar risk," Mr. Peloquin said. "More people try that than cheating at tables."

One ploy all inspectors are aware of is the team effort to drill into a machine to alter settings. A woman player might drape her coat over her slot machine and play while an accomplice drills from under the coat.

"There are many ways to influence a slot machine," Mr. Peloquin said.

Cheaters will have to outwit not only the casino's large security force but also that of the state.

New Jersey will station plainclothes detectives and inspectors in the casino around the clock, something that is not done in Nevada.

The state's security force on the scene has three components. The Casino Control Commission will have 18 inspectors there in three shifts to make observations for the commission, take complaints from the public, watch the counting of casino winnings and certify the revenue.

This staff has no police powers, but the detectives, mostly state policemen in street clothes, do have. They work for the Division of Gaming Enforcement of the state's Department of Law and Public Safety and will enforce the Casino Control Act, commission regulations, and the state's criminal laws.

"We will work closely with the casino's security force," Lieut. Anthony J. DeMasi, who heads the division's casino detective unit, said in an interview on the casino floor. "They would gather the evidence on video tape and we would make the arrests."

Vigorous Prosecution Pledged

"One of the greatest differences between Atlantic City and Nevada security," said Mr. Peloquin, "is that New Jersey intends to aggressively prosecute anyone caught violating the law rather than just telling them to get out of the casino and never return."

Lieutenant DeMasi said that "we expect professional cheaters and pickpockets will be here to test the law enforcement."

But he noted that Resorts had hired its pit bosses and floor supervisors from Nevada casinos "and they are knowledgeable about cheats and pickpockets."

Though the assignment is new for his unit, Lieutenant DeMasi said, the detectives are skilled in the rules of each game and dealer techniques because they took a 10-week course in Trenton from an expert before moving to Atlantic City.

Lieutenant DeMasi also went to Las Vegas.

"Security is much stronger here than in Nevada," he said. "The state will have a 24-hour presence here. There it is just random checks. They use local police. There is a much greater manpower commitment here."

"There is an incredible difference in the enforcement efforts of the two states," said Peter R. Richards, deputy director of the Division of Gaming Enforcement. "We have at least as many people for one casino as Nevada has throughout all its casinos."

The third component of the state's force on the scene, also under the division, is a team of accountants headed by Dennis C. Gomes, who formerly directed the Nevada Gaming Control Board's audit division.

Counting to Be Checked

State accountants will be in the counting room each time winnings are counted to make sure the figures are correct. The state collects an 8 percent tax on winnings. Nevada, a New Jersey Casino Control Commission spokesman said, ordinarily depends on the honesty of each casino to report accurately.

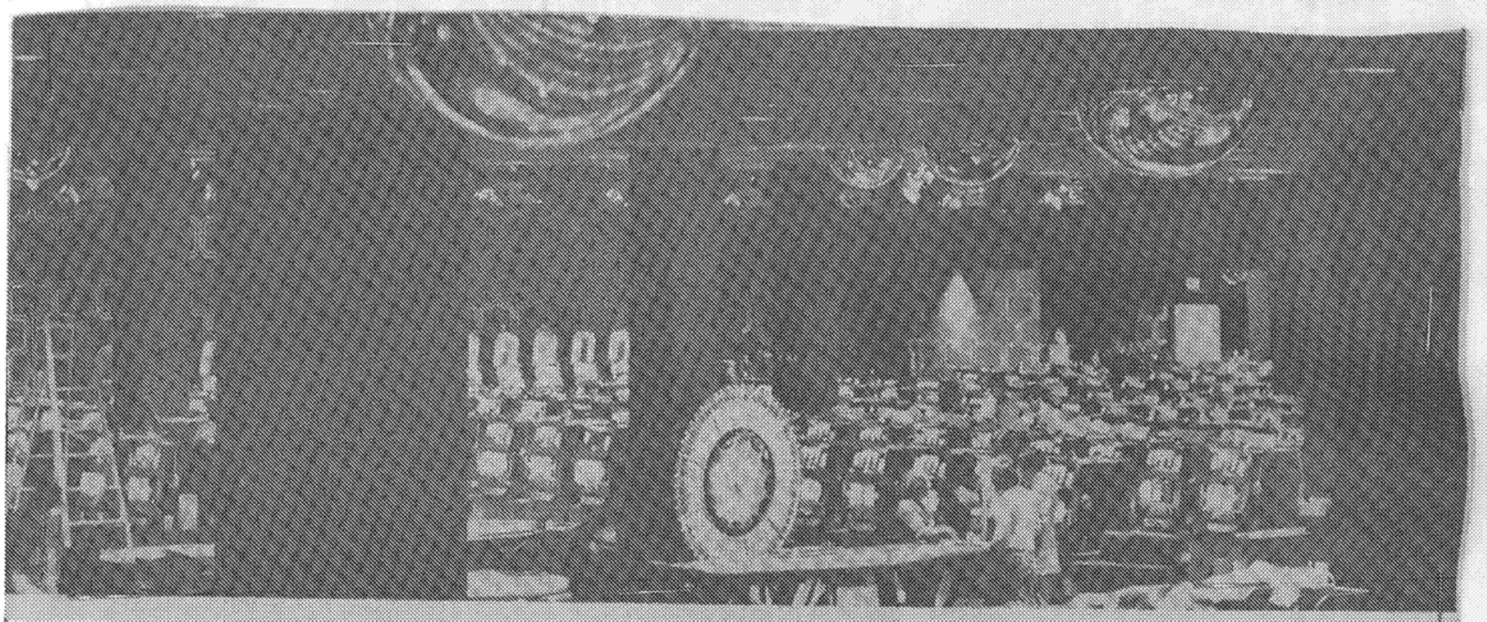
No money will go to the counting room here until state inspectors join casino managers in unlocking drop boxes and tip boxes at the tables and drop buckets in the slot machines. Both state and casino officials have locks and keys on each box and bucket.

In Nevada, the state control agency has no key and does not participate. Tips go directly into the pockets of the dealers and croupiers. Here they are pooled and counted first, permitting better accounting for tax purposes.

Having state officials in the counting room would, for one thing, eliminate the potential for skimming, a problem that once plagued Las Vegas. In the classic cases of skimming, casino officials take money from the counting room without recording it.

People trying their luck on slot machines at Resorts International Hotel's casino in Atlantic City, and, above, the main gaming room. Security at the casino will be protected by "the most advanced system in the world."

3



The New York Times/Jack Manning

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Dowdy Atlantic City Awaits Gambling Facility

By JAMES F. CLARITY

Special to The New York Times

ATLANTIC CITY, May 25—This faded pleasure haven by the sea was braced today for the start of legalized casino gambling, an ambitious experiment that is supposed to revive a town that has been dying for decades and provide New Jersey with new revenues.

The lealized casino gambling—the first in the nation outside Nevada—is to start at 10 A.M. tomorrow at Resorts International, a 50-year-old hotel renovated for $50 million. It is expected by state officials and many businessmen and speculators to lead to five or six additional casino-hotels in the next two years, along with boom times that the city has not enjoyed since the 1960's, when tourists by the millions began to seek fun elsewhere.

In the last hours before the start of what most people here feel will be the golden days, the activity around Resorts International was furious. Carpenters and electricians hammered and wired, and hotel employees were given behavior rules: "Don't say, 'You look tired' "—"Don't say, 'Yeah, O.K., all right' "—"Don' use vulgar language."

Woodstocmk by the Sea

With the likelihood of cmolumns of cma and masses of cmurious visitors and not mucmh spacme for them in this sall island city, the weekend could become a kind of Woodstock by the sea.

But the police and hotel security people swarmed around the town and the hotel and Resorts bartenders and waitresses were given instructions on preventing minor violence: not to let beer or soda or champagne bottles get near the casino but to pour drinks into glasses and take the bottles away.

"It's just that someone might lose, get mad and start hitting a slot machine with a bottle," one bartender explained.

While winning at the tables and machines is possible, the house expects mostly losers. "There is no way in the world they build these places on winners," said one of the hotel's entertainers. "You'll hear people out there saying 'Oh, God give me a six.' If God could get a six, don't you think he'd be out there at a table?"

"We're ready for the action to begin," Anthony M. Rey, the hotel president said. "Of course we're operating under difficult conditions because we don't know exactly when we'll get the final go-ahead. We think tomorrow, and we're working to that end."

Meanwhile, the Casino Control Commission, meeting in Trenton to vote on the issuance of a certificate of operation for Resorts, approved some regulations that would tend to discourage the small bettor.

The commission adopted $2 minimum bets at the craps and blackjack tables that could be increased to $5 minimums at night. Minimum bets at roulette will be $2 at two tables and $5 at eight others during peak hours. The minimum baccarat bet will be $20 at all times.

Crime Ties Charged

The final approval of legalized casino gambling here came after years of effort by its proponents. Casino gambling, first discussed here 10 years ago, was rejected by state voters in 1974, then approved in a second referendum, in November 1976, after a well-financed promotion campaign.

In the last 18 months, Resorts International and other potential casino operators have been accused of having ties ..with organized-crime figures that would lead to large-scale infiltration of Atlantic City's new business by the underworld.

Resorts and would-be operators have denied organized-crime connections, and the state says it has established a painstakingly thorough procedure for checking the backgrounds not only of hotel-casino executives and employees, but also of persons working for any of the companies doing supply or other business with Resorts or future casino operators.

Crowd of 500,000 Anticipated

Because this checking process was time-consuming, the casino commission approved a temporary license for Resorts to operate its casino in time for the Memorial Day weekend. The state police have estimated that as many as 500,000 people and 400,000 cars may try to get here over the weekend. This could create massive traffic jams on the three main causeways that connect the New Jersey mainland with Atlantic City, a community of 43,000 people that is 48 blocks long and 10 blocks wide, set on Absecon Island.

Governor Byrne, the principal guest at a gala dinner and stage show at Resorts tonight, has said he will advise weekend travelers to avoid Atlantic City if the traffic crush gets serious.

City officials here, as well as hotel and motel owners, are annoyed by the warnings and say they can handle any crowds that come, and that there are still several thousand available hotel and guest house rooms unreserved for the weekend. They concede, however, that there are only 50,000 parking spaces in the city.

Meanwhile, the Governor, who has con-

(Indicate page, name of newspaper, city and state.)

P13A "The New York Times"
New York, N.Y.

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sistently supported legalized casino gambling here, arrived at Resorts International late in the afternoon and said the new games in town would "focus on the excitement that was Atlantic City—and will be again." He added that "this will be the kickoff for a new revival."

Resorts Is Booked Solid

Resorts International, at the Boardwalk and North Carolina Avenue, where the gambling will be, is virtually booked solid for the weekend. How many people, motivated by gambling lust or mere curiosity, will try to get into the casino is still a matter of nervous conjecture by hotel officials.

The casino floor—33,000 square feet—can hold 5,500 people, legally, to play or watch the games: blackjack, baccarat, roulette, craps, "Big Six" lottery wheels and the 893 slot machines, some taking nickels, others quarters, others silver dollars.

The casino is to be open from 10 A.M. to 6 A.M. over the weekend. The gambling floor will be monitored by 102 television cameras hidden in silver bubbles on the ceiling, and by scores of hotel security people mixing anonymously with the crowd, watching for cheating by customers or hotel dealers and croupiers. Others will watch from behind walls that look like mirrors.

$100 Million in Revenue Expected

Resorts says it expects $100 million in gross revenues in its first year, of which 8 percent is to go to the state, mostly to be used, by law, for aid to the poor and the elderly.

About half the permanent population of this city, which was founded in 1854 as a seaside playground for the working classes of Philadelphia, constitutes black and Hispanic people. And the law and regulations authorizing the gambling stipulate that hotel-casinos must hire at least 20 percent of their employees from among ethnic minorities, and 43 percent women.

Resorts officials say they have met these quotas for jobs such as card dealers, dice handlers, waiters and waitresses. They say they have an affirmative-action program, also required by law, to move minorities and women up into executive positions eventually.

Even before the gambling started, however, leaders of the city's black community asserted publicly that they were not convinced that minorities would get their legal share of the heralded boom times.

Concern Over Menial Jobs

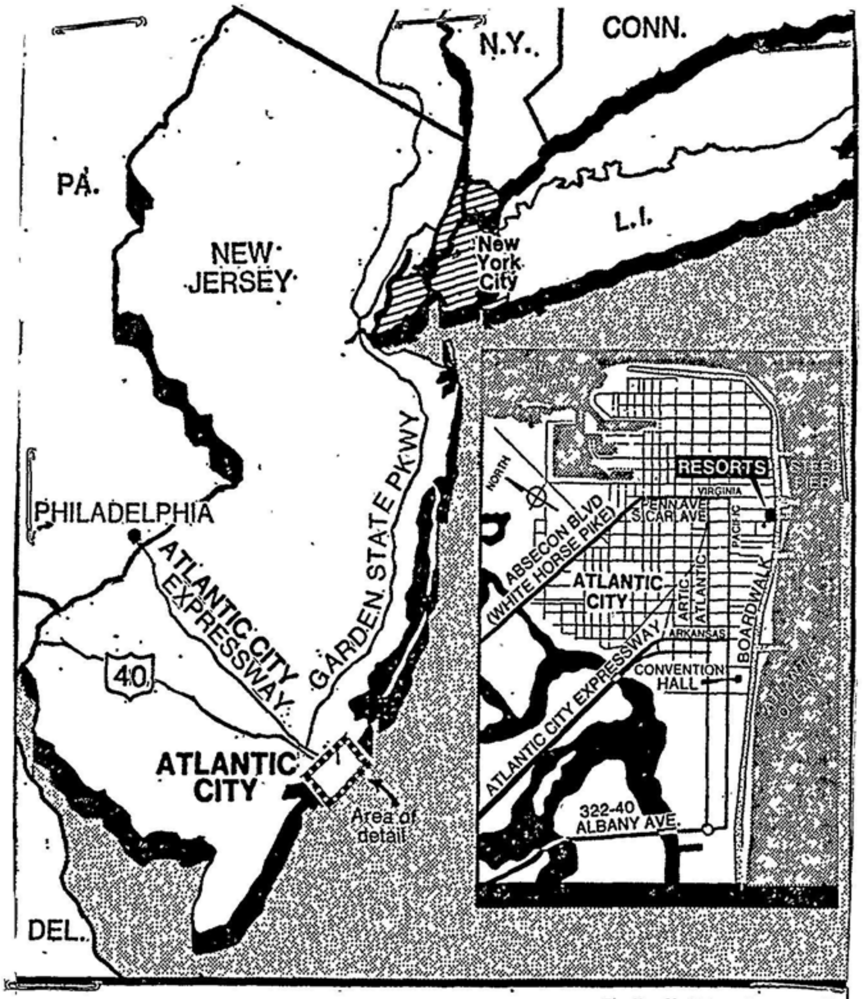
Their concern reflected widespread misgivings in the black community that, as in the past, minorities would be relegated to menial jobs such as porters and chambermaids. City officials, including Mayor Joseph Lazarow, say the gambling will create jobs that will significantly reduce the city's unemployment: About half of the population is jobless most of the year.

Minority-community leaders also say that soaring real estate prices (already about 10 times the property values two years ago) will force blacks, Puerto Ricans and older persons living on fixed incomes out of the city as the competition for space gets more expensive.

Officials also expect mugging and other crimes of violence identified with urban decay to decrease sharply.

In the casino games, the odds heavily favor the house, with slot machines producing the highest ratio of profit for management, although individual jackpots are as high as $500. Three restaurants and an oyster bar will be open, as well as a huge rectangular bar off the casino and a disco room that was still being hammered together this morning.

The stage review, featuring Steve Lawrence and Eydie Gorme, costs a minimum of $18, two drinks included, no food, and a maximum of $27. Both the Boardwalk and the beach will be open, and walking or sitting on them and sniffing the fresh salt air may be about the only free-of-charge activities here as the new era dawns.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The New York Times/May 26, 1978

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

The gambling starts today

By Harry Gould
and George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — The city that once cast its fortunes on the lure of saltwater taffy, Miss America and the ocean, today begins to wager its destiny on green-felt gaming tables and whirring slot machines.

Casino gambling is finally at hand.

The East Coast's first legal gambling casino will open today at the lavish, 560-room Resorts International Hotel, amid pomp, fanfare and the glare of worldwide attention.

With the simple toss of a pair of dice, Atlantic City hopes to begin delivering on its promise of turning a losing seashore resort into a high-rolling winner.

The long-awaited opening will mark the beginning of what state and city officials believe will be a new era for this economically depressed city of 43,000. Proponents predict that the gaming industry will spur new development, create new jobs and inject new life into a city whose heyday had almost faded from memory.

Pre-opening ceremonies began last night with a gala dinner and sneak preview of the Steve Lawrence and Eydie Gorme stage show, which will be the feature attraction at the hotel's 1,000-seat Superstar Theater this week.

Guests included Gov. Brendan T. Byrne, his cabinet, many of the 120 members of the New Jersey Legislature and numerous other officials and businessmen.

There were rumors at the dinner that Resorts might jump the gun and actually start operating the casino during the early-morning hours. But Resorts officials maintained publicly that Resorts would not open the casino before 10 a.m. today.

Gov. Byrne, with a host of state, county and local officials, is expected to be on hand at 10 a.m. today for special ribbon-cutting ceremonies in front of the hotel, at the Boardwalk and North Carolina Avenue.

Following ~~what is~~ expected to be a brief ceremony, the 33,000-square-foot casino will be opened to the public for the first time.

The casino holds 60 blackjack tables, 10 dice tables, 10 roulette wheels, three Big Six Wheels, three baccarat tables and 893 slot machines.

Today's opening, in the planning stages for more than a month, was given a green light by the New Jersey Casino Control Commission in Trenton last night when it granted Resorts a certificate of operation after an 11-hour session.

After the vote, Casino Commission Chairman Joseph Lordi told Resorts' officials "The eyes of the country and, indeed, much of the world are now on you. If casino gambling achieves its goal and retains the confidence of the people, it is incumbent upon you to do everything within your power to carry out your responsibilities."

That certificate, coupled with a temporary casino gambling license issued May 15, clears the way for the long-awaited opening, an event anxiously anticipated here since voters approved legalized gambling for Atlantic City in a statewide referendum on Nov. 2, 1976.

In other last-minute casino-related developments yesterday:

- The Casino Control Commission set $2 and $5 minium bets for certain tables — depending on the time of day — in blackjack, dice, and roulette. Maximum original bets of $500 were set in blackjack and dice.
- The American Civil Liberties Union (ACLU) announced that it would file suit challenging the constitutionality of certain sections of the lengthy personnel disclosure form that the commission requires of all casino employes. The ACLU contends that some of the requirements for information violate an employe's constitutional right to privacy.

(Indicate page, name of newspaper, city and state.)

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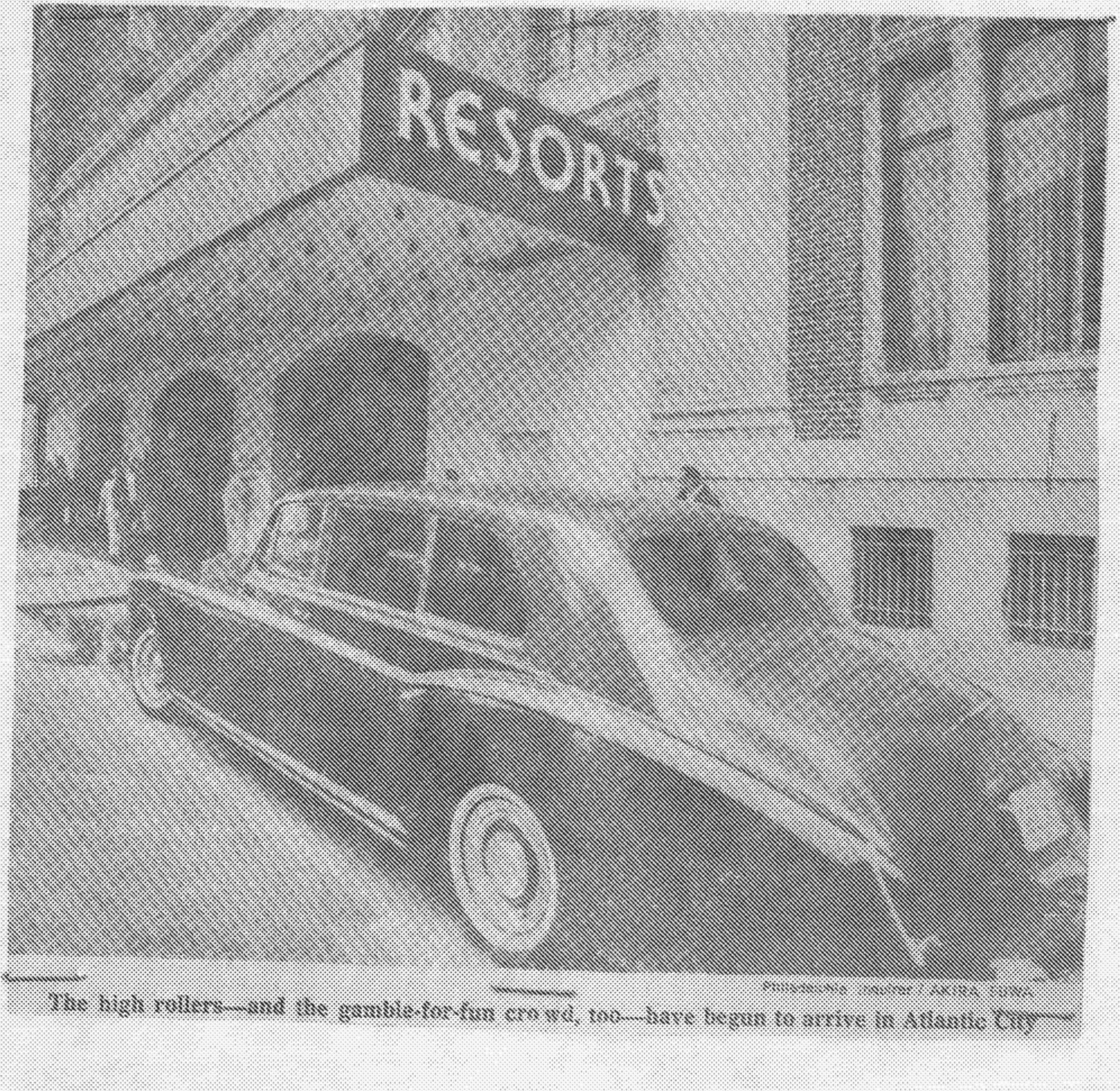

Philadelphia Inquirer / AKIRA SUWA

The high rollers—and the gamble-for-fun crowd, too—have begun to arrive in Atlantic City

• A group of civil rights leaders announced plans to demonstrate in front of Resorts today to protest what they contend is the company's failure to abide by the guidelines of an affirmative-action hiring program. They contend that there are not enough minority employes serving as managers and administrators in the hotel and casino.

• City police began preparing for large crowds expected over the Memorial Day weekend. All leaves and vacations have been canceled in the 299-member police department, and 12-hour tours of duty begin today at 9 a.m. and will continue throughout the weeknd.

• Marvin Ashner, president of the city's hotel and motel association, said rooms were still available. Ashner estimated that about 80 percent of the rooms were booked for the weekend, leaving from 2,000 to 3,000 rooms vacant.

At its meeting yesterday, the Casino Control Commission approved the following betting limits:

• Blackjack: $2 for 10 percent of the 60 tables after 6 p.m. and on weekends and holidays and 20 percent on weekdays, $5 for 25 percent after 6 p.m. and weekends and holidays and 30 percent on weekdays.

• Dice: $2 for 20 percent of 10 tables after 6 p.m. and on weekends and holidays and 30 percent on weekdays; $5 for 30 percent at all times.

• Roulette: $2 for "inside" and "outside" bets for 20 percent of the 10 tables after 6 p.m. and on weekends and holidays and 30 percent on weekdays; $5 for "inside" and "outside" bets at all times. Maximum bets would be $100 for a $2 "inside" bet and $1,000 for a $2 "outside" bet; maximums for $5 bets will be $200 on "inside" and $2,000 on "outside" wagers.

• Big Six Wheel: $1 minimum at three tables, with maximums ranging from $50 to $400 at all times.

• Baccarat: $20 minimum for at least one of three tables, with maximum bets of $2,000.

City officials frankly admit they have no idea how big the crowds will be over the weekend, which traditionally marks the start of the summer tourist season here.

Average Memorial Day crowds in the past have been about 150,000. With the lure of the casino and predictions of clear, sunny skies and temperatures in the mid-70s through Sunday, officials are girding for crowds that could range from 250,000 to 300,000.

Last week both Gov. Byrne and the superintendent of the New Jersey State Police, Col. Clinton Pagano, warned that overcrowding and traffic tie-ups could lead to chaos. Pagano said his troopers would be prepared to close the city to all incoming traffic.

City leaders and businessmen were cool to Pagano's announcement and yesterday continued to say that there would be no problems and that the city, which has handled crowds of up to 400,000 on past Fourth of July weekends, could meet the crush.

The new interest in Atlantic City, reflected in the charter buses and carloads of out-of-state tourists that began arriving yesterday, and in the estimated 400 newspaper, radio, and television reporters, photographers and aides who will be here to cover today's opening, is part of the "rebirth" city officials have been ballyhooing since the gambling referendum was approved.

"The Today Show" plans to broadcast its two-hour show from the hotel this morning.

Casino gambling is expected to revitalize the economy of this city, wipe out its staggering 20 percent wintertime unemployment rate, attract millions of new visitors, tourists and conventioneers and generate hundreds of millions of new dollars in capital investment.

Resorts is expected to be the first of nearly a dozen casino-hotels to open here over the next 10 years. And while the Miami-based firm has a decided edge in the race for the economic jackpot, several other major corporations, including Bally Manufacturing of Chicago, Playboy International, Caesars World and Penthouse International, already have invested heavily in the city and have begun to draw up plans for casinos of their own.

But for today — and for at least the next six months — the focus of attention will be on Resorts, which has invested more than $30 million in renovating the former Chalfonte-Haddon Hall hotel.

Company officials have said that their casino will generate about $100 million in gross receipts annually and produce $20 million in annual profits.

Plans are being made to expand the casino by another 15,000 square feet, bringing its size to 48,000 square feet.

The addition, which could open by July 4, will provide room for 30 more blackjack tables, four more craps tables, another big six wheel and about 300 more slot machines.

Resorts officials say they can now accommodate about 1,700 gamblers, with room for about 3,000 observers.

The certificate of operation approved last night allows Resorts to open its casino from 10 a.m. until 4 a.m. on weekdays and from 10 a.m. until 6 a.m. on weekends and holidays.

Both local and State Police were preparing for crowds five to six times that size in and around the hotel when the casino opens.

Traffic flow patterns have been designed to keep cars away from the hotel and moving in the direction of a number of newly opened parking lots two and three blocks away.

Resorts will provide about 1,000 parking spaces. Public and private parking lots throughout the city will offer an additional 5,000 spaces, according to police.

"We believe we're ready for whatever happens," a spokesman for the police department said yesterday, "but there's no way of really knowing. No one's ever been through this before."

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

The chips are down

ATLANTIC CITY — The chips are down and the dice are ready to roll today in a high stakes game expected to reinstate dingy Atlantic City as the premier playground of the urban Northeast.

An elegant gambling casino, unlike any seen in the East since the 19th century, will swing open at 10 a.m. and usher in a new era of wheeling and dealing in this tired old resort.

Barring last-minute hitches, Gov. Brendan T. Byrne will cut the ribbon to open the Resorts International Hotel-Casino, a $50 million restoration of the distinguished Chalfonte-Haddon Hall Hotel, long a landmark on the Boardwalk.

Some 1,200 slot machines will spin to life and the money will start falling at 82 gaming tables in a casino the size of two football fields. A cool $1 million or more will be in the casino bank to back the bets.

The rattle of the chips will signal the end of a four-year fight to legalize gambling in New Jersey, a campaign bankrolled largely by local businessmen and profits from Resorts International's two other casinos in the Bahamas.

The impact may rival the repeal of Prohibition in this troubled home of the Miss America Pageant, where the street map reads like a Monopoly board.

With fair weather predicted for the Memorial Day weekend, thousands of visitors from the dense cities of the Northeast are expected to head for Atlantic City and share in the excitement.

"It'll be like trying to police a rock concert," said one New Jersey officer.

But reports last week that the crowd could build to 400,000 and force state troopers to close off the town caused hundreds of tourists to cancel their room reservations.

"I would have to have a crystal ball to predict what will happen," commented Edwin Roth, Atlantic City's public safety director.

Along with the tourists and the high-rollers, the casino is expected to lure its share of mobsters and cheats, pickpockets and hookers.

"We have doubled our resources in the area and we will keep our surveillance in the city and in the casino itself," said Maj. Justin Dintino, head of the State Intelligence Bureau.

"Organized crime members will not be welcome in the city," he said. "You can't stop them from coming into the city, but we will keep an eye on them."

Dintino said members of the Angelo Bruno Mafia family in Philadelphia and the old Vito Genovese outfit in New York plan to move into Atlantic City, but are waiting until the police watch cools off.

"It's too hot for them right now," he said.

Nevada police, wise to the ways of gambling cheats, are predicting they will flock to Atlantic City where they are not known and the 500 dealers and croupiers trained by Resorts are inexperienced.

A long black Cadillac with a Nevada license plate and liquor bar in the back seat parked at the door of the casino Wednesday and touched off jokes that the Mafia had arrived. The effect probably was intentional. The tag read simply: "SICILY."

(Indicate page, name of newspaper, city and state.)

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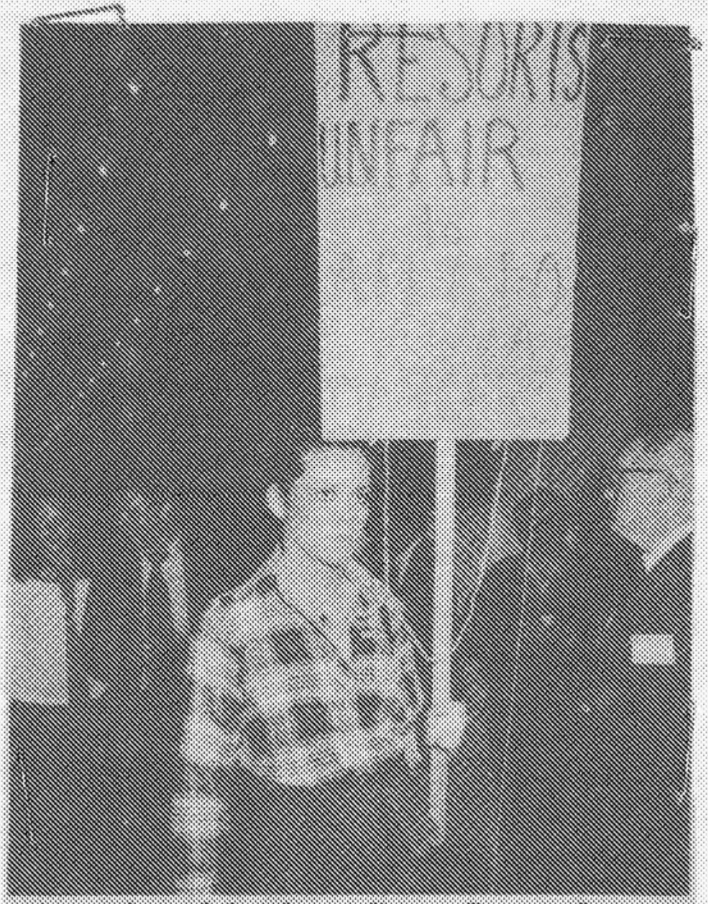

A member of the chorus line at Resorts International strolls on the picket line in a short-lived strike that threatened to mar opening of casino today. Luckily, union and management came to terms shortly after.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

A.C. Takes a Turn for the Bettor

By ROBERT STRAUSS

Though the opening of Atlantic City's first casino was technically a last-minute decision, the hundreds of thousands flushed into this Bedlam-by-the-Boardwalk would have guillotined the members of the Casino Control Commission with a splintered croupier's stick had the commission held up final approval for Resorts International's 10 a.m. opening bet.

The five-member commission voted unanimously to issue the certificate of operation at about 9 p.m. yesterday, after double-dealing for eight hours over the standards for minimum bets at the various games.

"THIS IS THE ONLY thing I have ever been involved in that the culmination lives up to the expectation, including sex," said Reese Palley, a longtime Atlantic City promoter who hopes to open up his own casino soon.

New Jersey Gov. Brendan Byrne was to do the long-awaited ribbon-cutting of the $50 million casino-hotel restoration of the old Chalfonte-Haddon Hall Hotel. Last night, the governor and 1,750 of his closest friends participated in the first Resorts entertain-athon: a $20 dinner and a preview of the Steve Lawrence-Eydie Gorme revue.

JAMES CROSBY, Resorts' chairman, said his casino is not looking to attract the two-bit bettor.

"We are not in the business of cashing Social Security checks," said Crosby, when asked about Resorts' argument that minimum bets should be as high as $5. "I think we will draw a higher type of crowd — manners, culture."

Most of the games will carry a $2 minimum, according to the final commission decision, though at night and on weekends as many as 30 percent of the tables will be only for the $5-and-up bettor.

COMMISSION CHAIRMAN Joseph Lordi said the decision would give "enough of a gambling spread to encourage the public but not going beyond their means."

The commission will review the minimums in the fall.

Police threw out the number "400,000" on cue whenever asked about the estimated Memorial Day weekend crowd expected at the shore resort. But Atlantic City Safety Director Edwin Roth said, "I don't know whether there will be four people, 4,000 or 40,000. But if it would be normal to have two men in (the casino) area on Memorial Day weekend, then we are going to have 60."

"VACANCY" SIGNS still were burning yesterday outside several hotels neighboring the casino on North Carolina Ave. Resorts announced that despite earlier indications, the hotel still was accepting reservations.

State Police are going undercover at the casinos, looking like the highest of rollers to try to snatch the lowest of deadbeats.

"Organized crime members will not be welcome in the city," said Maj. Justin Dintino, head of the State Intelligence Bureau. "You can't stop them from coming into the city, but we will keep an eye on them."

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FD-350 (Rev. 10-19-77)

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Running a casino—it sure beats selling paint

By Harry Gould
Inquirer Staff Writer

ATLANTIC CITY—More than 20 years ago, an obscure little paint company run by three New Jersey country-club types took a gamble and decided to buy land on a distant Caribbean island—the Grand Bahama.

The obscure paint company did not stop there. It acquired more Bahamian property on which it eventually built four hotels, a toll bridge and a casino.

It bought a theme park in California, a charter airline in Florida, a tennis club in New York City and a worldwide private security subsidiary based in Washington. Once it even tried to snare Pan American Airways, but that was the one that got away.

Today, one of the biggest gambles ever made by that no-longer-obscure company, Resorts International Inc., seems about to pay off handsomely—both for itself and for this faded city.

Resorts' gamble has already paid off on the stock exchange, where the firm's Class A and Class B stock has soared in the 18 months since casino gambling was approved. Class A stock, which sold for $7.50 per share the day before the Nov. 2, 1976, referendum, closed at 35⅞ Wednesday. Class B, which had sold for 13⅜, is now listed at 55½.

The opening of the first East Coast gambling casino is a story which, for most people here, began less than two years ago when Resorts entered a heated casino gambling referendum campaign, contributing $150,000 to the pro-casino forces and buying the old Chalfonte-Haddon Hall hotel for $5.3 million.

The referendum campaign, of course, was successful, and, after nearly $30 million in renovations—the Chalfonte-Haddon Hall is today the Resorts International Hotel Casino.

But long before the company became a household word here, it was a Matawan-based firm known as the Mary Carter Paint Co.

The nucle~~us of the~~ company was formed in the mid-1950s by three men who had been good friends for years—John Crosby, a former assistant U. S. attorney general under Woodrow Wilson; Lowell Thomas, the world-renowned radio newsman, and Thomas E. Dewey, the former New York governor, who made an unsuccessful race for the presidency in 1948.

At first the company was profitable, but a 1961 Federal Trade Commission ruling that it was guilty of "deceptive advertising practices" cut into the profits. Coincidentally, Crosby's son, James (Resorts' present board chairman), was developing a roving eye for new investment opportunities in Bahamian real estate.

And so began a rapid diversification that would thrust the paint company into the world of high-stakes intrigue, the glitter of casino gambling and a great deal of controversy.

In 1963, the company purchased more than 3,000 acres of undeveloped land on Grand Bahama Island, largely for speculative purposes.

In nearby Freeport, a casino operation with ties to onetime underworld gambling kingpin Meyer Lansky was going full-tilt. Three years later, the operators of this casino — the Lucayan Beach Hotel Casino—would enter into a temporary partnership with the Mary Carter firm.

The groundwork for that partnership was laid in 1966 when Mary Carter purchased a majority interest in Paradise Island, near Nassau, from A&P heir Huntington Hartford, who had tried unsuccessfully to develop the island and obtain a casino license from the island government.

Mary Carter was able to get a license, largely through the efforts of the lawyer it hired — Sir Stafford Sands, the country's minister of tourism. As part of the deal Mary Carter promised to build a 500-room hotel and a toll bridge linking Nassau with Paradise Island. Mary Carter also decided to become a partner of Bahamas Amusements Ltd., which operated the Freeport casino that had ties to Lansky.

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Resorts officials contend today that the association was abruptly ended once the company learned of Bahamas Amusements' reputed links to crime figures.

Nonetheless, in 1967 considerable pressure was applied by the newly elected "reform" government in the Bahamas for Mary Carter to buy out Bahamas Amusements.

When Mary Carter died, the firm changed its name to Resorts International Inc., took over operation of the Paradise Island casino and formed Intertel, a private security subsidiary, to insure a mobster-free operation and to polish the company's image.

In 1968 the firm attempted to sell its Paradise Island holdings to Robert L. Vesco, who is now a fugitive wanted on charges of bilking Investors Overseas Services Ltd. (IOS), a mutual fund. The U. S. Securities and Exchange Commission, however, exerted pressure to stop Vesco's attempted purchase of Resorts' holdings.

In 1969, the firm sent shockwaves throughout the financial world when it attempted to buy a majority interest in Pan American World Airways. Pan Am successfully fought the takeover attempt, and the bitter battle resulted in the passage of legislation making the takeover of public air carriers more difficult.

Many of these controversial items from the company's past are being intensely scrutinized by the New Jersey Division of Gaming Enforcement, which ultimately has the power to grant or deny the firm a permanent license to operate a casino in Atlantic City.

The temporary license that Resorts received two weeks ago was granted in accordance with recently enacted legislation allowing the company to open a casino pending a more thorough investigation needed for the permanent license and open the casino without further delay.

But according to FBI sources, there has been no letup in the investigation of allegations that the firm may have ties to organized crime — a charge that Resorts officials have heatedly denied many times.

And the obscure little paint company that grew into Resorts International, the worldwide conglomerate with more than $53 million in revenue, knows that its operations are being picked apart by a legion of sleuths, and will more than likely continue to be picked apart for some time.

"We're probably the most investigated company in the world," one high-ranking company official said recently.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

The only sure bet: Hundreds of eyes will watch you bet

By George Anastasia
and Harry Gould
Inquirer Staff Writers

ATLANTIC CITY — Somebody will always be watching.

It's the only sure bet at the casino at the Resorts International Hotel here.

The guy in the polyester leisure suit standing over by the slot machines might be an undercover investigator for the New Jersey Division of Gaming Enforcement.

The woman in the black evening gown studying the roulette wheel could be an agent for Intertel, Resort's private security agency.

The decorative silver globes that line the ceiling hide television cameras, and the one-way mirrors along the walls give security people standing on the other side a view of all the action.

Resorts expects to gross $100 million in its first year of operation, and it has spent several million dollars to make sure that its receipts don't end up in someone else's pockets.

"I think we have the most advanced casino security system to date," declared Robert Peloquin, an attorney formerly with the U. S. Department of Justice and now president and director of Intertel. "We have extensive television closed-circuit monitoring. The zoom capability of the cameras is such that you could read a newspaper placed on any one of the (gambling) tables."

Security in the casino has been broken down into a series of checks and balances that begins with the dealers and croupiers and extends in layers, all the way up to the executives of the company and the Division of Gaming Enforcement.

There will be members of at least three official security units on the floor of the casino: uniformed security guards from Resorts, plainclothes Intertel employes, and plainclothes investigators from the state.

How many security people will be out there at any one time is a closely guarded secret. Neither Peloquin nor Deputy Attorney General Peter Richards of the Division of Gaming Enforcement would discuss numbers.

"We'd be giving up our element of surprise," Richards said.

Asked if he would disclose the minimum and maximum numbers of security people likely to be on the casino floor at any one time, he replied, "As few as we need or as many as we need."

Other sources estimate, however, that it would not be unusual for Intertel and the state to have as many as 100 people working for them among the expected crowds of 2,000 to 3,000.

What they will look for are card cheats, pickpockets, con men and anyone else—a hotel employe, gambler or hotel guest—who is trying to get something for nothing.

Peloquin said his people had been trained for casino security operations and briefed on some of the better-known "professional cheats who roam the world hitting casinos."

They will be backed up by a multimillion dollar electronic surveillance system that looks as though it could have come from the set of a James Bond movie.

Its nerve center is a dimly lit room on the mezzanine level of the hotel. A one-way mirror that covers the bottom half of one wall offers a panoramic view of the casino below.

On another wall is a bank of more than 100 small television screens, each connected to a hidden camera.

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At any one time, three cameras can be focused on a particular spot in the 33,000-square-foot casino to insure the observers of wide and varied angles of view.

In the center of the room are two large, 21-inch television screen consoles and a panel of switches and dials that allow whomever is monitoring the small screens to bring a picture into bigger detail.

The camera system alone cost more than $1 million, or about as much money as is expected to flow through the casino each day.

The cameras will be used not only to observe but also to videotape the action. Everything from a blackjack game to the tightly regulated money count at the end of each work shift will be taped. (All conversations in the count room also will be recorded.)

The electronic surveillance room will be off limits to all but Intertel personnel, although the Division of Gaming Enforcement will have access to the same closed-circuit system from another room off the casino.

"My people will be in the TV room," Peloquin said. "The state will be in a different room. They'll be able to see everything we see . . . and they'll be able to watch us."

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

It's a full house on opening day

They come just to see or to lay their money down

Compiled by The Inquirer Staff

ATLANTIC CITY — Opening day at this city's first gambling casino was a swirling, howling mob scene, as thousands of high-rollers and minimum-bettors almost knocked the doors down in their frenzy to partake of history and a few friendly games of chance.

The casino at the Resorts International Hotel was packed with a capacity crowd of about 5,000 less than 20 minutes after New Jersey Gov. Brendan T. Byrne completed the ribbon-cutting ceremony and singer Steve Lawrence threw out the first dice to inaugurate legalized gambling here.

Gamblers and curiosity seekers some of whom had started gathering outside six hours before the 10 a.m. opening, streamed inside as soon as the casino was opened. Long lines formed around the gambling tables, and almost immediately the air was filled with the din of coins clinking into slot machines and cries of "Dice coming out."

Audible above the noise were the joyous screams of Joe Cristofaro, 45, of South Philadelphia, whose first $10 roulette bet came in and paid off $300.

"We got a winner here," he cried. "This game's honest."

Many of those who came to play blackjack, craps, roulette, baccarat, the slot machines and the Big Six Wheels clearly felt that they were taking part in something historic — first legal gambling on the East Coast.

"I love it," Philadelphia housewife Dell Davis said. "This is the most exciting thing I've seen in my lifetime."

Joan Breen, 33, a nurse from Roselle Park, N.J., said: "I've never made it to Vegas and decided to take the day off from work and bet my whole paycheck. I wanted to be one of the statistics. I wanted to be one of the first ones in."

Outside the packed casino, people lined up and waited for security guards to let them in, a few at a time. Traffic around the casino was heavy, but it continued moving throughout the day.

City and State police last night reported that traffic bound for the city was heavy, but not unusually so for a holiday weekend. City officials have predicted that about 400,000 persons will visit the resort on the Memorial Day weekend.

"We've had busier days than this as far as traffic is concerned," said Sgt. Vincent Santoro of the Atlantic City Police Department's traffic division last night.

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The arrival of legalized gambling here, after years of controversy, debate and red tape, was greeted enthusiastically — by most.

There were, however, notes of discord. About 40 demonstrators, from a group called the Coalition for a Better Atlantic City, picketed on the Boardwalk in front of the casino to protest what they feel is unfairness toward Atlantic City's elderly and minority residents.

Kaleem Shabazz, a spokesman for the group, said the coalition was demanding that 25 percent of the concessions at Resorts International be minority-owned, that 25 percent of the professional contracts be given to minority group members and that unions guarantee the establishment of minority apprenticeship programs.

Shabazz said that although Resorts appeared to be adhering to an affirmative-action program required by the state, there were not enough minority group members in administrative and managerial hotel and casino jobs.

Of the casino's 3,000 bartenders, cocktail waitresses, waiters and dealers, those who are members of minority groups comprise between 15 and 20 percent, according to unofficial estimates.

Resorts Vice President Steven Norton said the hotel had met or exceeded affirmative-action guidelines in most categories but had had difficulty finding minority group members with casino managerial experience. He said the hotel would continue trying to train and develop such personnel.

Another unhappy group yesterday was made up of about 125 casino dealers, who were unable to work yesterday because the State Casino Control Commission had not yet approved their licenses. At its meeting Thursday, the commission approved licenses for about 365 dealers. A commission official said yesterday that the remaining applications would be considered no later than June 6, the next scheduled commission meeting. The official said some of the applicants were still being investigated and some had made errors in filling out the forms.

Because not all of the dealers have been licensed, several gaming tables in the casino were not in operation yesterday.

One disconsolate would-be dealer who was on the sidelines yesterday stood watching the action. He was dressed in the dealers' uniform of a formal jacket and ruffled white shirt, but minus the regulation bowtie. He told a questioner that the delay in processing "is really hurting a lot of people. These people were really psyched up to go to work."

Rick Howe, the day-shift manager at the casino, commented: "We're feeling very badly for the kids who worked hard and haven't gotten their license. There's a lot of bitterness among them."

Primarily, however, yesterday at the casino was a day to party.

Pleasure-seeking seemed to be the order of the day, and Byrne seemed to recognize this when, during the ribbon-cutting ceremony, he said:

"My father always told me not to bet on anything except Notre Dame and the Yankees. But for those who won't take my father's advice, this casino is now open."

And in they came, the spectators and the players, the novices and the veterans, the locals and the out-of-towners.

There was Mrs. Davis, the Philadelphia housewife, who came to make just one bet. "I just put $3 in the (slot) machine," she said. "I got $10 back, and I'm taking it home." Smiling, she told a reporter: "They're not going to take my $7 back, you can quote me on that."

There was Joseph DeGiglio of Brooklyn, who said: "I just like to gamble. I used to go to Vegas and places in Brooklyn, but every place in Brooklyn I went to they got raided."

So he came here. And yesterday, dressed in double-knit slacks and shirt, a diamond pinky ring on one hand, he was part of the scene. "This is sheer greed," he said. "That's what makes life so exciting."

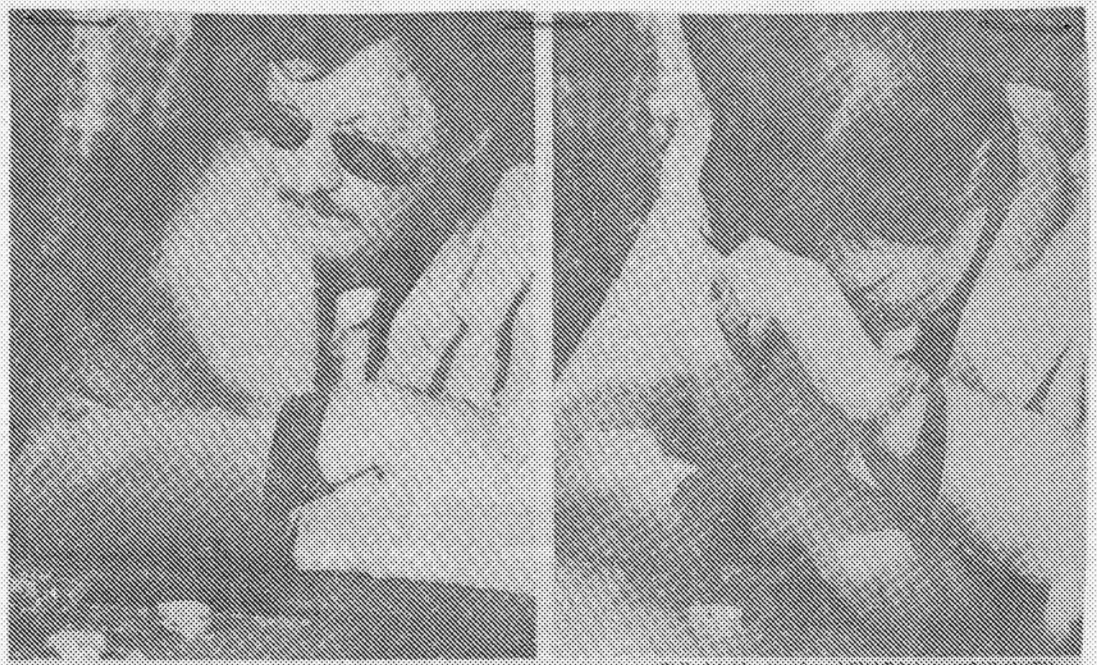
A man, who said he had been up drinking all Thursday night and who said he was skipping work, settled in for what seemed like a long haul at the blackjack table. He didn't want to be identified—"I don't dig these cameras staring me in the face. My boss might see me."

A middle-aged man pushed his wife around the room in a wheelchair. They were there to look.

But Anne Levin, 63, of Atlantic City, was there to play. "I'm going to come down every day and play the slots," the white-haired woman said. "It'll give me something to do. This place (Atlantic City) had been filled with nothing but decrepit people, but even the old people are jumping up and down now. It's given them a shot in the arm."

Philadelphia Inquirer / AKIRA SUWA

A winner: The cacophony of a slot machine becomes a melody as a customer collects her payoff



Philadelphia Inquirer / SHARON J. WOHLMUTH

And a loser: A study in anticipation and a payoff in frustration

Philadelphia Inquirer / AKIRA SUWA

A watcher: Byrne awaits outcome of Lawrence's bet

Philadelphia Inquirer / AKIRA SUWA

Helping cut ribbon are (from left) Assembly Speaker Christopher Jackman, Byrne, Sen. Steven Perskie and Mayor Joseph Lazarow

FD-350 (Rev. 10-18-77)

(Mount Clipping in Space Below)

CREDIT? You said it!

Atlantic City — It's not going to be hard to run out of money in Atlantic City, but if you do there are several ways to get cash.

In case your pocketbook runs dry at the casinos, Resorts International has set up a credit line for its customers.

A spokeswoman for the credit office at Resorts said hundreds of inquiries are being received about the credit line.

On opening day, the cashier's cage will hand out credit applications for people who expect to frequent the gambling tables and want to establish credit.

Under regulations established by the state Legislature and the Casino Control Commission, Resorts will cash checks for customers who have a credit line.

90-day hold

Ben Borowsky, spokesman for the Casino Control Commission, said checks for $50 or less will be deposited the next banking day.

The casino will deposit checks for $1,000 to $2,500 within 14 banking days. If a check is more than $2,500, the casino will hold the check for 90 days before depositing it, according to Borowsky.

Borowsky said Resorts has a file of 35,000 to 40,000 customers who have frequented its casino in the Bahamas and established credit.

The Resorts spokeswoman said it will be easier for someone who has a credit line in Las Vegas or the Bahamas to establish one in Atlantic City.

Borowsky said the marker or I.O.U. system used in Las Vegas will not be allowed.

Strong arm tactics

"There are some complaints (in Las Vegas) that once the marker system is used, strong arm tactics follow to collect money. New Jersey legislators felt that by requiring everyone to sign a check, there would be a legal document. The casino can then take legal action to collect," said Borowsky.

If you need cash and don't plan to spend it at the casinos, you can always try a bank.

Robert F. Kelleher, president

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of the Atlantic National Bank, said many new customers, mostly from out-of-town, have been opening accounts at the bank.

Banks open

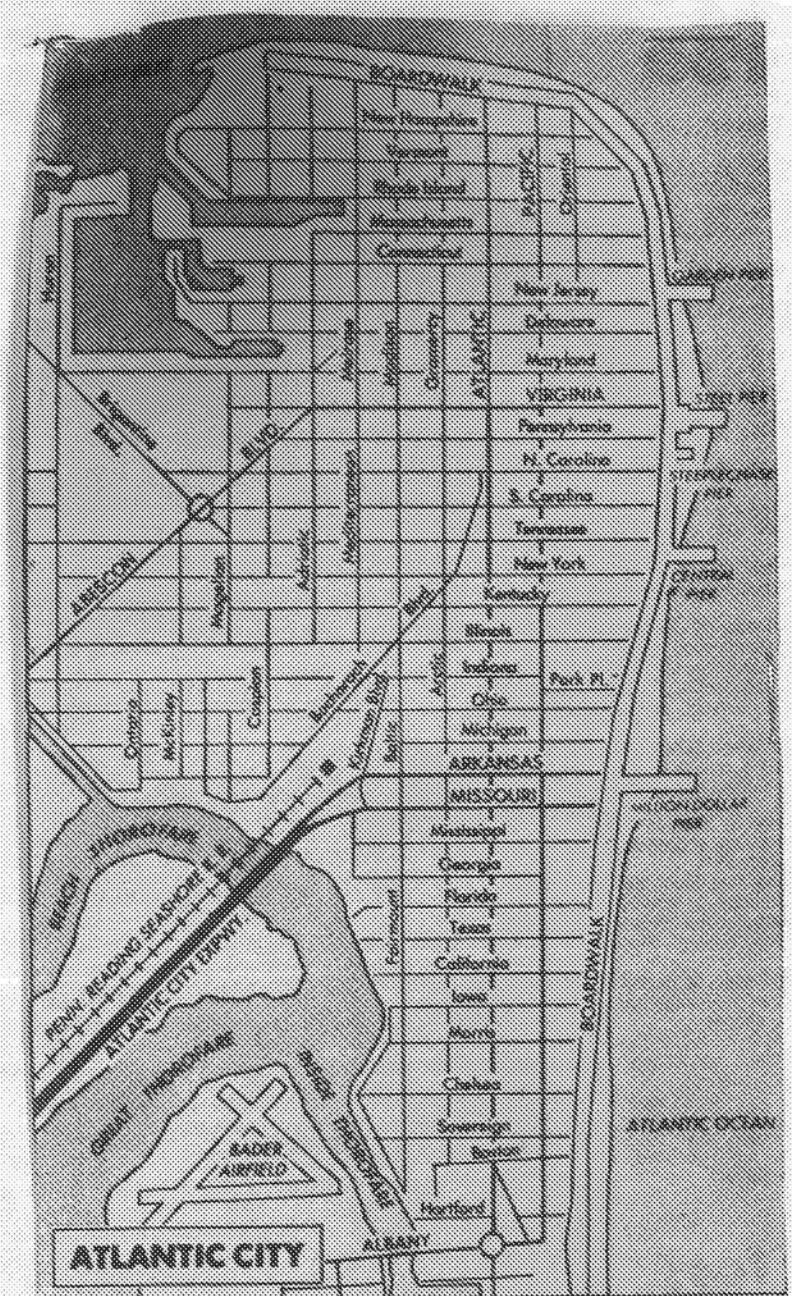
In anticipation of the demand for cash, Kelleher said the bank will be open on weekends. On Saturday, the office will be open from 9:30 a.m. to 1:30 p.m. and on Sunday from 8:30 a.m. until noon.

The bank is providing that service primarily for local merchants who expect to have increased demands for money, according to Kelleher.

Kelleher suggested that out-of-towners who do not want to open an account make available credit cards which provide cash advances.

He said virtually no bank will cash an out-of-town check even if a customer has identification.

"No one will cash an out-of-town check with ID especially in this town. We've been a tourist town for up-teem years and we learned the hard way on checks," Kelleher said.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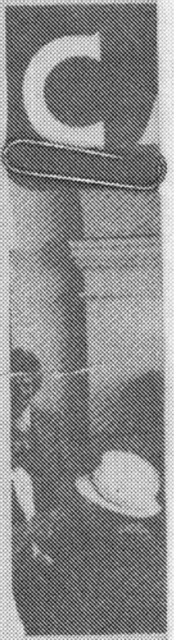
AIRFIELD
BOARDWALK
ATLANTIC OCEAN
ATLANTIC CITY

Street map of downtown Atlantic City. Resorts International Casino is located at North Carolina and The Boardwalk.

The gorgeous photo girls at Resorts International were ready for duty yesterday. They roa
floor in search of folks who want their picture taken. "The job's a 'snap,'" one quipp
"shuttered" at the remark.

crowd



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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Casino's 1st dividend: Double the fun-lovers

By Leslie Wayne,
Harry Gould and
George Anastasia
Inquirer Staff Writers

ATLANTIC CITY — The Memorial Day weekend ended yesterday as it had begun here, with people waiting in line for a chance at the slot machines and gambling tables of the Resorts International Hotel's casino.

But the wait was shorter and the crowds not quite as large as on Saturday and Sunday, when hopeful gamblers and the curious stood five abreast in lines up to five blocks long for more than two hours. Yesterday, the line outside the hotel on the Boardwalk stretched for about two blocks and the wait was an hour or less most of the day, although there were times it climbed to two hours.

The East Coast's first gambling casino was an economic magnet over the weekend, attracting a steady stream of visitors from the time it opened at 10 a.m. Friday.

City officials estimated that about 300,000 visited the city over the three-day holiday. The turnout was well below projections by some officials of crowds of 400,000 to 500,000 but higher than the pre-casino average of 150,000 people for Memorial Day weekends.

The crowd was considered particularly significant given the weather conditions — overcast and periodic showers — that prevailed for most of the weekend.

The key question in the minds of most city businessmen and merchants, who are hoping for economic benefits for themselves from the casino, was whether the crowds would continue now that the holiday had ended.

Yesterday morning, a few intrepid sunbathers were spotted on the beach, for the first time all weekend, and their perseverance was rewarded at about 2 p.m. when the overcast gray skies gave way to bright sunshine.

But, as it had all weekend, the action in the city continued to center in and around the casino on the Boardwalk on North Carolina Avenue.

People who had been waiting in line for about an hour surged into the casino when Resorts officials lowered the velvet ropes to the two casino entrances at 10:23 a.m.

The crowd scrambled for the slot machines, for seats at the blackjack, craps, and baccarat tables and for wheels.

One of the most-sought-after locations on the floor was a seat at one of the five blackjack tables where a $2 minimum bet was permitted. The New Jersey Casino Control Commission has stipulated that 10 percent of all the blackjack tables must permit a $2 minimum, and Resorts, with 49 of its 60 blackjack tables in operation barely met that requirement.

Minimums at the other tables ranged from $5 to $25, too steep for many of the first-time gamblers who have flocked to the casino.

"At a $5 table, everytime you're on a bad streak you're gonna lose $50," said Joe Proebstle, 24, of Ventnor, N.J.

Proebstle said he and a friend had waited for two hours for a seat at a $2 table and planned to rotate playing time at it.

Rosetta Parker, 26, of Glen Arden, Md., said she had been waiting three hours and still had not gotten a seat at a $2 table. "I think it's a nuisance I have to wait this long. People get up and give their chairs to friends, and you never get a chance to get near the tables."

Gamblers also complained about having to wait for slot machines, for

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(Indicate page, name of newspaper, city and state.)

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change and for spots at the craps tables.

"You can't get near the craps table at any price," said Hal Coopersmith, 36, of Cherry Hill.

"You can't even see the green felt on the craps table," his wife, Gayle, 35, added.

Even Resorts officials expressed some surprise at the tremendous and sustained turnout.

"It's been fabulous," Resorts President I. G. Davis said. "It's far exceeded our expectations. But I think it will continue. This is not a novelty situation. The interest is more than curiosity. People want to come and play and enjoy the entertainment."

Davis refused to discuss profits, saying only that figures would be provided in the company's quarterly reports. Officials earlier estimated a $100 million annual gross and a $20 million annual profit from the casino. The turnout here this weekend is regarded as a good start toward those goals.

The company hopes to open a 15,000-square-foot addition to its 33,000-square-foot casino by June 15, adding additional slot machines and gambling tables and increasing the number of gamblers who can be accommodated from 1,700 to 2,500.

The addition will make the Resorts casino the second largest (in the number of gaming tables) in the world, Davis said, second only to the MGM Grand in Reno.

At a news conference, Police Chief William terBrink said that the arrest rate for the weekend "was not exceptionally high." He said that 45 arrests were made during the three days.

Three of those arrests were at Resorts, On Sunday, a New York man was arrested there after a woman crapshooter was robbed of her gambling chips at knifepoint.

Yesterday morning a woman was arrested on a prostitution charge after she allegedly solicited an undercover police officer in the hotel lounge. The woman's male companion was charged with interfering with an arrest after he quarreled with the officer.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Tax Deal Is Sweet At Resorts Casino

By D.W. NAUSS
Bulletin Shore Bureau

Atlantic City — Last week, a man walked into the plush red baccarat pit in the Resorts International casino and laid down a minimum $1,000 bet.

He immediately began to win and, like a true high roller, gradually increased his bets until he was laying down between $4,000 to $6,000 on each hand.

When he finally arose from the green felt table, dropping $3,000 in chips as a tip for the dealers, he had won about $50,000. But he didn't brag. He quietly disappeared into the crowd.

Resorts officials quickly announced the huge win to the news media which had been hungering after stories about big winners. But Resorts said they did not know the winner's name and wouldn't release it if they did. Why?

Security and privacy, they said. But there is another perhaps more compelling reason. Taxes.

All casino gambling winnings, from a meager $10 slot machine jackpot to a $50,000 baccarat take, are supposed to be reported as income on the federal tax returns.

"Gambling winnings are taxable and should be included as income on the tax return," said Henry Holmes, public affairs officer for the Internal Revenue Service (IRS) in Newark.

"By the same token, gambling losses are deductible for those who itemize deductions. However, losses reported on a return cannot exceed winnings," said Holmes.

In practice this means if you win $10,000 and lose $4,000, you report both for a net taxable income of $6,000. If you win $10,000 and lose $15,000, you report only $10,000 in each category for a net taxable income of zero.

Holmes said the IRS does not have agents planted in the casino and presently does not plan ian increase in its 4[illegible]-member Atlantic City district office.

IRS agents are not empowered to watch gaming tables and approach winners in order to take their names and Social Security numbers, he said.

Nevertheless, Holmes said he expected the compliance with the federal tax laws to be quite high. But it is generally thought the reality will be something different.

In a 1976 final report titled "Gambling in America", the Commission on the Review of National Policy Toward Gambling concluded that there was little compliance with federal tax laws regarding casino gambling winnings by individuals.

"There appears to be almost no voluntary compliance with the reporting and payment requirements to the taxation of gambling winners," the report said.

Part of the reason for the poor compliance appears to be that the burden is placed solely on the individual rather than on the casino.

The IRS code only requires casinos to fill out tax forms (W2-G) for individuals who win more than $1,200 in a single slot machine jackpot or more than $1,500 at keno.

Under these conditions, the casino fills out the withholding forms and forwards them to the IRS. But these requirements do not hold in Atlantic City where the slot machine payoffs are lower and keno is not played.

The state of New Jersey, which has a 2 to 2.5 percent personal income tax, does not tax casino gambling winnings. Nor does the Casino Control Act, the enabling legislation for casino, put any requirement on the casino for reporting of winnings ~~by its~~ gamblers.

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"This is up ~~to the~~ individual, not the casino," said Ben Borowsky, public information officer for the Casino Control Commission.

While the IRS leaves much to the conscience of baccarat winners, horseplayers don't get that kind of freedom. The government makes racetracks withhold 20 percent of the winnings on "windfall bets," which it describes as bets of at least $1,000 on odds of 300-1 or more.

Also, anyone who holds a winning ticket with odds of 300-1 or higher must fill out IRS Form 5754 before collecting their money.

Neither case is a rare occurrence, according to Atlantic City Race Course publicity director Lou Cunningham. "It happens all the time in Trifectas," he said.

State Taxation Director Sidney Glaser said his office is studying the possible impact of taxing individual casino winnings. Such a bill allowing such taxation is now being drafted, he said.

The winnings of the casino itself are closely monitored by the state. The state receives 8 percent of the gross earnings of the casino.

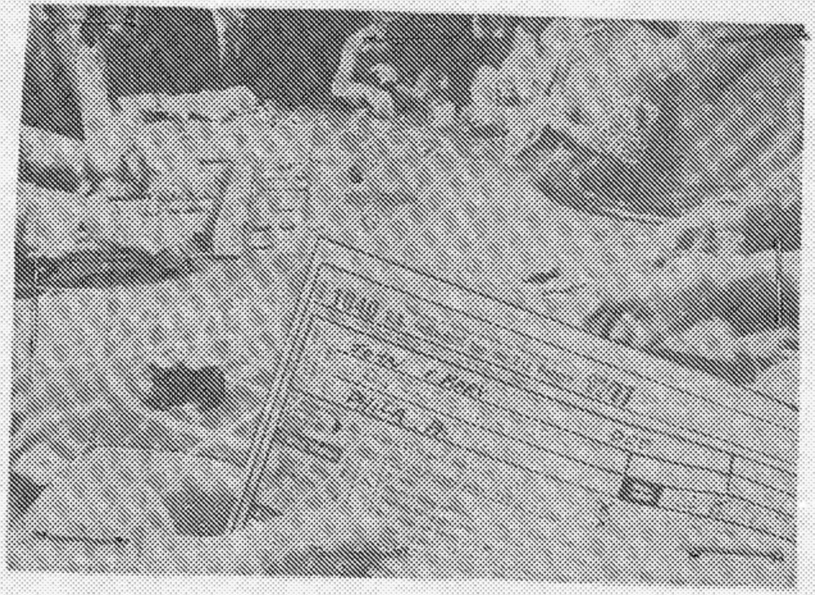
As a corporate entity, the casino files the 1120 corporate tax return. With Resorts gross revenues expected to top $100 million in its first year of operation, the Federal Government could receive a hefty payment from the casino.

The casino will also be filing quarterly 941 employe withholding forms. Holmes said his office would pay particular attention to the earnings reported by employes who received a substantial income through tips.

The 1,800-member state IRS force has been slowly gearing up for the expansion of Atlantic City. If a boom occurs in the area in terms of business and personal income increases, the district office will most likely be enlarged, Holmes said.

To get prepared for the changes he said, a number of IRS agents and managers have been sent to Nevada to work with the district office there on what to expect from the casinos.

"We are talking about a large cash potential here," Holmes said. "We just want to be prepared to deal with it."



FD-350 (Rev. 10-19-77)

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So You Lost, Huh! Don't Pay! 1794 Law Protects Gamblers

By DOROTHY BROWN
Of The Bulletin Staff

> *If any person...shall lose any money...at any match of cock-fighting, bullet-playing or horse-racing, or at...any game of hazard, the person...shall not be compelled to pay or make good the same and every contract, note bill, bond...given, granted, drawn or entered for the security or satisfaction of the same shall be utterly void and of none effect.* — Pennsylvania Statute, 1794

The high rollers had a busy time in Las Vegas, borrowing five or ten grand from the MGM Grand Hotel, gambling it away in the casino, paying back a couple grand and then borrowing some more.

It went on that way for several days — the borrowing, paying back, big wins and bigger losses. And before the high-rollers went home to Philadelphia from their gambling junket, they covered their debts with checks or "markers" ranging from $5,000 to $25,000.

Several months later, when the casino tried to cash the checks against Philadelphia banks, they bounced.

That was four years ago, and MGM, a subsidiary of Grand Resorts Inc., hasn't yet collected a dime. Suits filed by MGM have not yet come to trial, and state law makes it unlikely the gamblers will ever have to pay.

The Pennsylvania law dating back to 1794 makes it illegal to collect on a gambling debt. So Pennsylvania gamblers who buy chips in Las Vegas with bad credit can gamble with the courts and sometimes win. Other times attorneys for the casinos can skirt the law, successfully arguing that the bad checks covered "hotel" not "gambling" debts, and the gamblers are ordered to pay up.

What will happen to the Philadelphia man who goes to Atlantic City to gamble and leaves behind a bad check?

"It's an open question," said David N. Bressler, attorney for Vincent A. Pagano, the restaurateur who allegedly owes MGM $25,000 for his Vegas spree in the summer of 1974. Bressler, in the casino's civil suit against Pagano, claims the debt is for gambling and recovery of it is illegal.

But he admits there's "some uncertainty" as to which way the courts will go on the case.

The gambling statute is "very old," Bressler said. "Today, there's legal gambling in Pennsylvania - lottery, horse racing, bingo."

Others who have been sued for bad credit in Las Vegas include: Peter J. Serubo, owner of Serubo Cadillac on Roosevelt blvd., who allegedly left MGM Hotel with a bad check for $10,000 drawn on Frankford Trust Bank; Anthony DiSalvo, linked to underworld business in Delaware, allegedly extended $12,000 in credit by MGM and never found despite seven attempts to serve him with the complaint; Larry Feinstein, who worked in the law offices of attorney Robert F. Simone, 200 Robinson Building, and allegedly left a bad check for $5,000 drawn on the Girard Bank.

Lawyer Simone himself is being sued by MGM for $16,000 in credit, extended in the form of "markers" or blank checks to Simone during trips there in June and August of 1974, according to the suit. Simone's attorney, Sidney L. Gold, is arguing that gambling debts in Pennsylvania are unenforceable.

"Few states permit the recovery of a gambling debt," said Franklin Navarro, a Houston, Texas, attorney who has spent 25 years specializing in the collection of such debts.

Navarro, who works for a collection agency representing many of the Nevada casinos and who teaches at the University of Las Vegas, said he has won suits all over the country on default judgments — when the gambler doesn't show up in court. Sometimes he can win on simple bad-check charges, if the gambler doesn't want

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to admit to gambling.

According to Navarro, Vegas casinos charge off about 5 percent of their business a year to bad debts.

"It's the high roller that generally tries to beat them," he said. "The little guy, unless he goes home and finds his wife has left him or his business is going under, will honor his obligation."

The numbers of bad debts at major casinos is "like counting angels on the head of a pin," said Thomas J. McKeon, formerly chief of the U.S. Justice Department's organized crime strike force in Michigan. McKeon is now a lawyer for Intertel, the company handling security arrangements at Resorts International, the first casino to open in Atlantic City.

According to McKeon, credit checks are run on everyone who gambles at Resorts International, in much the same ways their credit would be checked by an auto salesman or a bank.

The casino gives large amounts of credit only to people with good track records as gamblers. High-rollers who turn out to be bad risks are known throughout the casino industry and are blacklisted from gambling at most places unless they're playing with cash.

"There's no unknown person getting a fantastic credit line. If the casino gets stung it will only be for the $100 to $200 type," McKeon said.

Resorts International, with its years of experience at Paradise Island in the Bahamas, isn't taking a chance with junkets either.

"Since the early '70s, Resorts has not engaged in junket activities (trips in which plane fare, hotel and meals may be free, depending on the volume of money gambled)," McKeon said. "It's not ecomonically feasible to pay the whole schmear, and your reputation as a casino is in the hands of the junketer who puts the trip together. We're just not going to have that problem."

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Billionaire's Dream in Brazil

Jungle Gives Way To Rice and Trees

By GUY GUGLIOTTA

Monte Dourado, Brazil — (UPI) — In 1967 American billionaire Daniel K. Ludwig paid just under $6 million for a Connecticut-sized piece of jungle and tropical rain forest lying some 200 miles upstream from the mouth of the Amazon river.

Both Ludwig and the government of Brazil considered it a fair and good price for a tract of unproductive land inhabited for the most part by jaguars, wild pigs, snakes and howler monkeys and populated by a few fishermen, small farmers and nut-gathering settlers.

Eleven years later, Jari Florestal e Agropecuaria Ltda., is the biggest development project ever attempted by a private individual. It is the site of the biggest tree farm in the world and what will eventually be the world's largest rice plantation.

It has an open-pit kaolin mine and a plant to process the fine clay that is used in making everything from glossy paper to "Kaopectate."

Jari has five towns, four schools, an 80-bed hospital, 17 doctors, five dentists, 11 airplanes, a regularly scheduled airline, four airstrips and 270 miles of primary and secondary roads.

Ludwig, now 81, made his initial fortune designing, building and sailing the supertankers that came to dominate the oil industry after World War II.

Known in the business world as an innovator and sometimes as a visionary, he could be the world's richest man, with assets estimated at anywhere between $3 billion and $5 billion.

At Jari the Ludwig touch is apparent everywhere.

His on-site assistants, many of them world-renowned engineers in their own right, describe what is going on there as "the first," "the newest," "the biggest" and "the most original," and speak of "the challenge" that in many cases has delayed retirement or brought them back to Brazil after they thought their jobs were finished.

The latest showpieces are two 30,000-ton barges — one a pulp mill, the other a power plant — built by Ishikawajima Harima Heavy Industries of Japan at a cost of $246 million and towed 15,000 miles from Kure shipyards. Construction of the completed mill and power plant, the tow, the docking and the complicated diking and installation procedure needed to put the factories in place, posed technological and design problems never attempted before.

The plants, forests, towns and the 11,000 jobs Ludwig provides for top-level professionals down to day laborers, brought his total commitment to Jari to $529 million by the end of April.

By the end of 1978 his holding company says he will have invested $700 million in the project. By 1982 the figure is expected to reach $1.2 billion.

Ludwig never gives interviews and dislikes being photographed. He lives in New York and works out of the Manhattan offices of National Bulk Carriers, the shipping company that served as the springboard for business interests that today are located mostly outside the U.S.

"You know, there's been a lot said about how Daniel K. Ludwig is a recluse or another Howard Hughes," said Don Haight, a dike and dam expert from Oregon who first came to Jari in 1968 and is regarded as one of the project's old-timers. "This is nonsense.

"I've known him for about 10 years, about as well as anybody can know a man like that," he said. "I think that deep down inside he's a simple man who just likes his privacy.

"In New York he walks to work and nobody notices him," Haight said. "In the office there, people never use his

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ame when strangers are around so obody will know who he is. That way e is never bothered."

Paul Marsteller, an ex-missionary who is assistant to the executive director at Jari, says Ludwig visits the project "on an average of four or five times a year and stays a few days each time.

"He's in real good shape and runs the rest of us younger fellows ragged," Marsteller said. "He's very sharp."

When Ludwig is at Jari, he stays in a relatively spartan guest house in the administrative town of Monte Dourado, the same lodging used by everyone who visits the project. As in New York, he walks to work, refusing rides from the staff personnel he encounters, many of whom he has known for years.

Principal among these is Jari executive director Elmer Hann, brought in from Japan in May to oversee the installation of the pulp mill and power plant whose construction he supervised for the last two years.

Hann at 77 is a marine engineer of international reputation, who, together with Ludwig in the early 1950s, pioneered big ship construction at Kure and five years ago was awarded the Third Clasnown as "the father of modern shipbuilding in Japan." He is also, according to one Jari staff member, "the only man who can tell Daniel K. Ludwig when to stop."

"I admire the man very much, Hann said of Ludwig, "He's always treated me with the utmost respect, but he's a tough taskmaster.

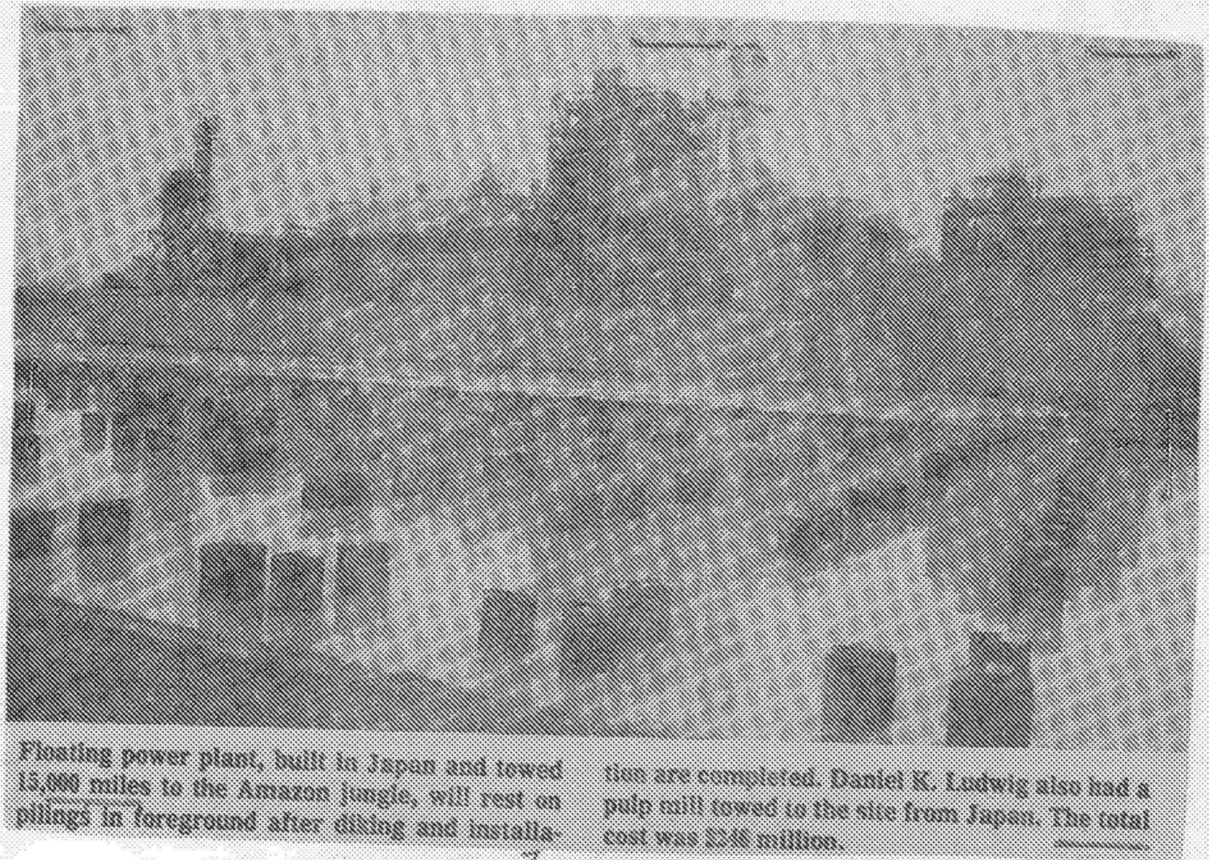
"His vocation and avocation is work. That's how he gets his kicks, and he can't figure out why the hell everyone doesn't feel the same way."

Hann calls Jari Ludwig's "one big blaze," but at 81 Ludwig probably cannot count on seeing the project come to full fruition. To date only the rice plantation and the kaolin plant are in production, and important revenue will only be realized when th pulp factory starts operation in th first quarter of 1979.

Hann said Ludwig has given all his foreign holdings, "the preponderance of what he happens to own," to a foundation called the Ludwig Institute for Cancer Research which "is supposed to keep everything going" after he dies.

"But he shows no sign of slowing down," Hann said. "He considers me a youngster, and I'm 77."

Homes in Monte Dourado, Brazil, part of Daniel K. Ludwig's huge development in the Amazon jungle, are made of concrete poured into steel molds. About 25,000 people live there.



Floating power plant, built in Japan and towed 15,000 miles to the Amazon jungle, will rest on pilings in foreground after diking and installation are completed. Daniel K. Ludwig also had a pulp mill towed to the site from Japan. The total cost was $248 million.

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FEDERAL BUREAU OF INVESTIGATION
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By Maury Z. Levy and Tony Green

PHILADELPHIA
MAGAZINE
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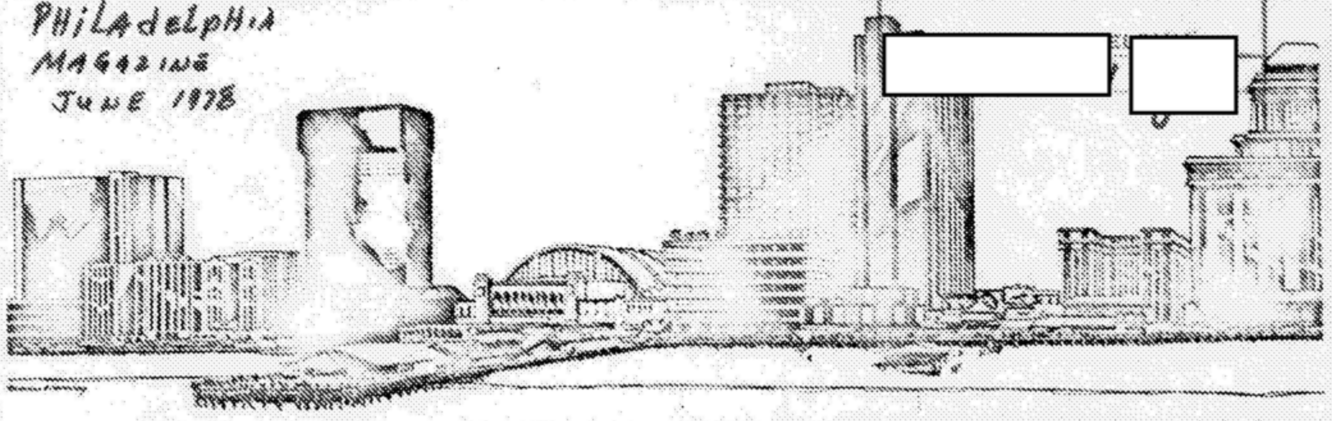

WHO OWNS WHAT

Most experts agree that the *new* Atlantic City will be, at the very least, five to ten years away. The drawing above, commissioned by the Guarantee Bank of Atlantic City, predicts what the Boardwalk will look like. Hopefully.

But things are moving slowly. Property is still being bought and sold. Plans are being drawn and redrawn. And various companies are battling with the various government agencies: the Casino Control Commission, the State Police, the Federal Aviation Administration, the National Register of Historic Places and many others.

Here's a survey of where things stand with the various Atlantic City players. Insiders tell us that some of them are just that: players. Some, playing boardroom politics and real, live games of Monopoly, will pull out in favor of even bigger players.

▪**Resorts International**—If everything goes as scheduled, people should be playing baccarat in the Resorts casino right at this moment. But that's not all, folks. The Resorts people are planning a new casino-hotel project on a 56-acre urban renewal lot right down the block from their other complex. Completion is expected by 1982 and the building will be designed by architect **John Portman.** It will cost them about $80 million.

▪**Playboy**—If all goes well, *Playboy* will be opening the first new casino-hotel. Masterminded by *Playboy* vice president **Henry Goldsmith**, the project will be constructed on a property adjacent to Convention Hall. Their big problem has been with the Federal Aviation Administration; their proposed 420-foot tower would have gotten in the way of planes landing at Bader Field. They have scaled down their plans and will construct a 305-foot building. Goldsmith says it will be a better building than before, with more public space and more parking spots. They're shooting for a 1980 opening of the new bunny hutch which will cost Hef a cool $50 million.

▪**Penthouse**—Sources report that Penthouse is the biggest landholder in A.C. But the details are sketchy. **Bob Guccione** runs a very quiet operation. And the Casino Control Commission will be asking for full disclosure.

▪**Bally**—Merchant to the rich **Reese Palley**

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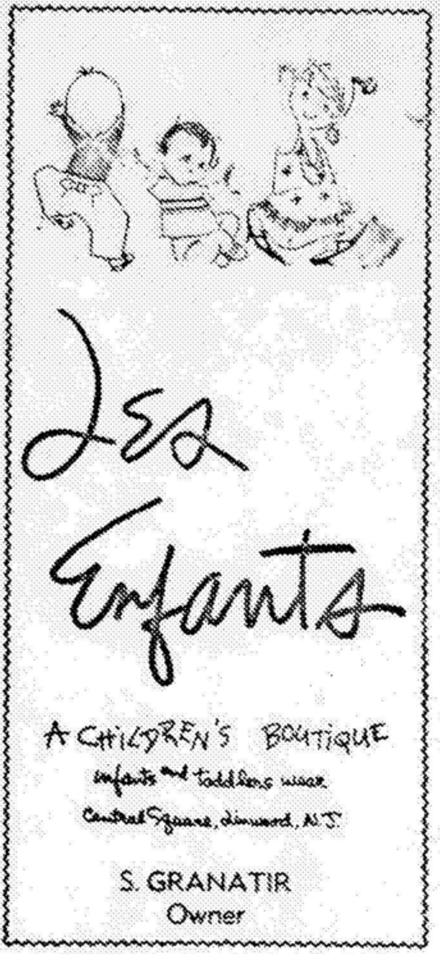
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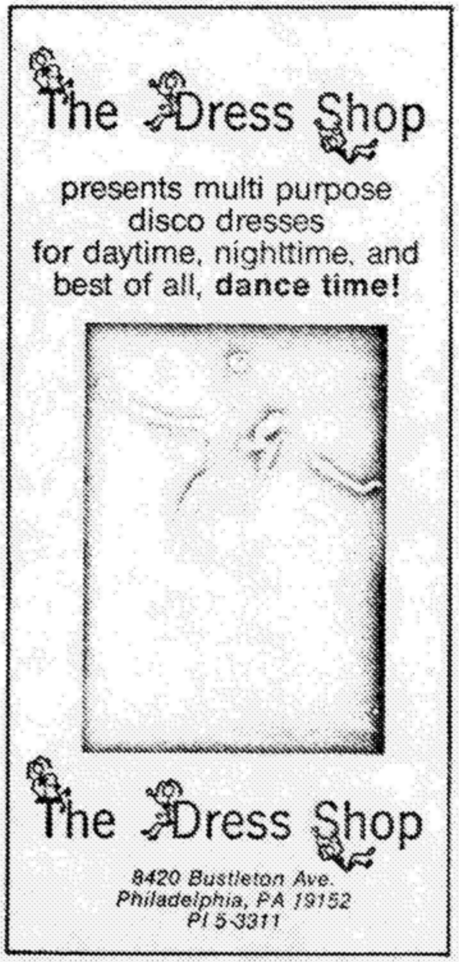
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Who owns what

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and local attorney **Martin Blatt** bought the massive Marlborough-Blenheim Hotel and leased the buildings to Bally, the pinball and slot machine manufacturers. Bally also purchased the neighboring Dennis. Then Bally stole **Billy Weinberger** away from Caesar's World in Vegas to run the show. Weinberger, the dean of Las Vegas casino managers, has some problems with the National Register of Historic Places. The Blenheim is considered an architectural masterpiece and the Register doesn't want Bally to knock it down. (Thomas A. Edison managed some of the engineering.) Weinberger says that there is no way to renovate the building to meet modern safety standards. Bally wants to replace it with a 1,100-room casino-hotel; they want to open by 1980 and will spend at least $50 million.

•Caesar's World—Meanwhile, Billy Weinberger's old bosses would like to build a 600-room complex on the site of the old Traymore Hotel. They would like to open their doors to gamblers in 1982 and recently held a $15 million stock offering to help finance the estimated $49 million project.

•Trans Expo—The Kupper Consultants of Piscataway have planned the most ambitious project so far. Kupper would like to build a 500-room transportation-hotel-casino complex at the end of the A.C. Expressway. They're planning for a heliport, a marina, a museum, and an overhead tram leading to the Boardwalk. They have hired the architectural division of the Summa Corporation to design the project and they are aiming for a 1982 opening. The project will run anywhere from $300 to $400 million.

•Hi-Ho—A strange group headed by Connecticut gravel pit operator **Francis D'Addario** purchased the Claridge Hotel at Park Place for $3.5 million. The company also runs jai alai courts in New England and Florida. They want to build another tower next to the phallic-looking Claridge and eventually will have 1,000 rooms to satisfy their customers. Cost: $80 million.

•Holiday Inn—As we go to press, Helmsley-Spear, the New York real estate firm, holds the lease to the inn. Plans are on the board to build a 500-room, $22-million casino-hotel. But First Artists Production Co. of Burbank, California, has been thinking of buying the property.

•Howard Johnson's—The local owners of the property, **Milton Neustadter** and **Maxwell "Sonny" Goldberg**, want to open a $45 million, 527-room casino-hotel in 1980. A Minnesota businessman, a Vegas casino consultant and attorney Martin Blatt are also involved.

•Poor Boys—Local engineers **Bill Kissane** and **John Leddy** are planning a 16-story, 515-room casino-hotel on the bay side of Brigantine Blvd., near Brigantine Bridge. The project will cost $35 million.

•Sheraton-Deauville—Owner **Marvin Ashner** is seeking financing for the construction of a casino-hotel.

•Route One—At an auction, the Route One Hotel Corporation bought a 6.2-acre tract at the end of White Horse Pike from the city for almost $1 million. It was the site of an old city landfill. A 500-room, $40 million casino-hotel is planned. No date.

•Strand—Owner **Manny Solomon** says that some Vegas people are interested in developing his property into a 1,250-room casino-hotel. The Strand is on the flight path of planes landing at Bader field and, like *Playboy's*, Solomon's plans are being stymied by the FAA. ■■

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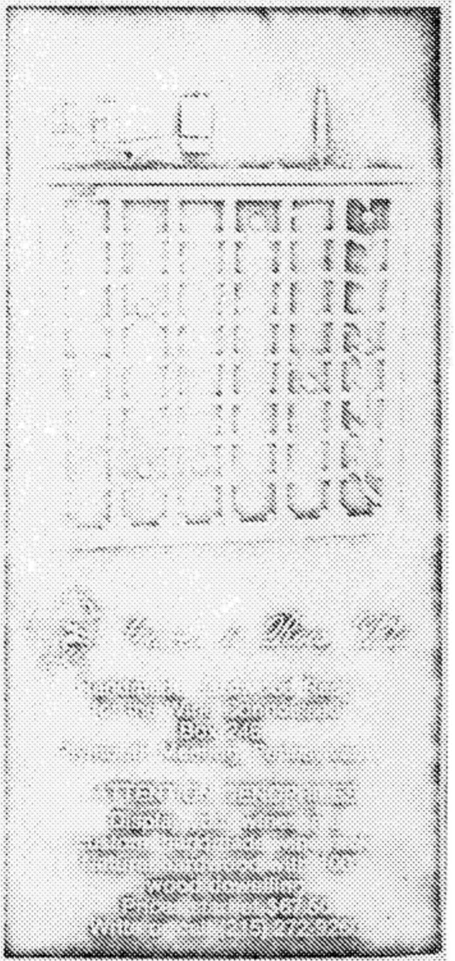

THE BOARDWALK MOB

Organized crime's got so much action going in Atlantic City, they don't need casinos.

By Mike Mallowe

The cops in Atlantic City are still looking for the snow shovel killer. He's the guy who walked into the Flamingo Motel lounge one snowy night last February 16th, carrying a shovel and wearing a ski mask. He only put the shovel down long enough to whip out a Smith & Wesson snub-nosed .38 and drill five slugs into the head and chest of attorney Edwin Helfant, 51, a former municipal judge, Mafia groupie and informant for the New Jersey State Commission of Investigation.

Helfant was iced in his own club as his wife and friends looked on because he knew too much. He was a burly, balding, short-tempered native of Scranton, Pennsylvania, and graduate of Temple and Rutgers Law School, who had found his niche among the seedy motel bars and notorious kangaroo courtrooms of the small-town resorts by the sea.

Eddie Helfant had yearned to be a tough guy all his life. He assayed the role by talking dirty and playing dirty throughout his career. He'd also seen *The Godfather* once too often and he tried continually to burrow his way into the South Jersey underworld like a desperate mole. Helfant's persistence finally earned him a late-night visit from the snow-shovel hit-man.

Helfant had been on trial in Trenton at the time—on obstruction of justice charges stemming from a 1973 indictment which alleged that he had taken a bribe back in 1968 to fix an assault and battery case when he had been a judge in Egg Harbor Township.

The case against Helfant was weak because two of the state's best witnesses had been killed in gun battles since 1973. Two other witnesses were convicted drug dealers who, the defense had pointed out, were testifying simply because the prosecutor had offered to reduce their sentences.

Helfant had originally been an informant back in the early 1970s when state and federal grand juries attempted to use him in their purges against Atlantic City's then political boss, Hap Farley, and reputed syndicate kingpin Herman (Stumpy) Orman.

an, whom the Kefauver Commi had labeled Atlantic City's rackets czar, wisely opted for a condo in Florida, along with about 45 other individuals—like "Sam the Plumber" De-Cavalcante, Joe Paterno, John Simone, Gerardo Catena, and Tony Acceturo, whom the State Police had fingered as either soldiers or made-men (full-fledged members) in the New Jersey Mafia. Hap Farley's political machine had been quickly replaced by a new one, just as impervious to the efforts of the reformers. That left only Helfant holding the bag. His negligible service to the G-men had been so disappointing that the ten-year-old obstruction of justice charge may have simply been a vendetta against Helfant as his defense attorney, Carl Poplar, asserted just after the judge's assassination:

"As far as the Atlantic City power structure is concerned, we alleged that the attorney general had wanted to use Helfant to get Orman and Farley. When he couldn't give them anything, they socked him with this obstruction of justice case."

It was poetic justice of a sort because foul-mouthed Eddie Helfant himself had been socking it to other people for years—especially to kids.

He was the shore judge during a long tenure in Somers Point who had pioneered the practice of ransoming high school and college kids with exorbitant fines for minor offenses. The shore cops, beefed up by part-time summer police (usually college athletes and bar bouncers), would fan out in well-orchestrated dragnets, randomly hauling in kids off the street or from rooming

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houses, then charge them with rowdiness or underage drinking, pack [illegible] into overcrowded county jails, a[illegible] [illegible]erally hold them for ransom until the frantic parents back in Philadelphia could get down to Somers Point with the cash to bail them out. Eddie Helfant loved to exercise that kind of power. And the shore's civic leaders loved that kind of seasonal revenue.

But another, even more lucrative, sideline during Helfant's controversial career concerned liquor licenses. The State's Division of Alcoholic Beverage Control (ABC) handles them now; but, back when Atlantic City issued its own liquor licenses, Eddie Helfant was known universally as the expediter. And his services didn't come cheap. With a repertoire like that, Helfant had, over the years, dealt with enough seashore ghouls to know where most, if not all, of the bodies were buried.

Just before his own death Helfant had really taken a shot at the big time. It may well have been that ambition—that all-consuming passion to be in on the deals that would shape the future of the casino resort—that led to Helfant's brutal execution.

Stumpy Orman and Eddie Helfant used to share a gloomy office in the city's Guarantee Bank Building (which Orman owned) and had been partners in several ventures during the 1950s and 1960s, including the Flamingo Motel, where the snow-shovel killer had gunned down Helfant.

When Orman decided to beat the heat in New Jersey for another kind of heat in Fort Lauderdale, Helfant was left behind to take care of business—and take care of it he did.

The advent of casino gambling in Atlantic City coincided lethally with Eddie Helfant's insatiable appetite for Boardwalk intrigue.

Helfant was in the process of acquiring still another Atlantic City bar (in addition to his part ownership of the Flamingo and another joint in Margate) when his Trenton trial began. The State ABC was holding up his liquor license pending the outcome. But that didn't stop Eddie Helfant from offering his services to other seashore speculators.

One of them was glib Alvin Snyder, a disbarred Baltimore, Maryland, attorney who became an Atlantic City developer. Back in Maryland when Snyder had been the head of a savings and loan bank, he wound up in court over kickbacks on questionable loans and pulled an Agnew by plea bargaining nolo contendere. In recent years, with Helfant's magnanimous assistance, Snyder had acquired some key off-Boardwalk properties in Atlantic City and had very nearly laid claim to the fabled Steel Pier. That Pier deal fell through shortly before Helfant's execution. Snyder was typical of the kind of quick-buck businessman recently attracted to the casino city, and Helfant was equally typical of the local fixers who attempted to pyramid deal on top of deal.

Eddie Helfant's biggest score, however, involved the bizarre circumstances surrounding the sale last summer of the Cabaret Disco on Pacific Avenue near Convention Hall to Dominic Adamita of Mt. Laurel, New Jersey.

Today, the Cabaret Disco has been lavishly renovated and rechristened Casanova's Ristorante. This summer it's likely to become the chicest East [illegible]ast disco this side of Studio 54. It's [illegible]eady the top nightspot in Atlantic City. And with Resorts International's casino debuting just a few blocks away as the biggest, plushest gambling den in the Western Hemisphere, Casanova's is in a prime spot to share in the glory as well as the bucks. The club is a brash blue-on-blue slice of Vegas flash with an illuminated *Saturday Night Fever* dance floor, and a snug dining area; and some of the patrons look as if they'd be more at home at the Apalachin Conference than in Atlantic City.

But the most interesting thing about Casanova's is a New Jersey anti-crime unit's contention that it is the flagship of the Carlo Gambino family's far-flung South Jersey and Atlantic City investments. The late Carlo was the thinly disguised Mafia Don whom Mario Puzo selected as the prototype for *The Godfather*. As far as the law is concerned, Gambino's descendants are carrying on the family tradition.

All of this was big league stuff, and after Eddie Helfant became involved in it—as the attorney of record in the sale of the old Cabaret Disco to Adamita—the Atlantic City hustler suddenly found himself in a deadly game of hardball.

Code 7-11

The New Jersey State Commission of Investigation—the SCI—is a small, understaffed, underfinanced and generally unloved, elite strike force of racket-busters and domestic spies who have come in from the cold. Together with the New Jersey State Police's crack 80-man Intelligence Unit under anti-Mafia expert,

Major Justin Dentino, it is all tha stands between the rule of law in the Garden State and the annexation of New Jersey as a subsidiary of the Cosa Nostra. Unfortunately, the State Police and the SCI have traditionally been at each other's throats squabbling over money, jurisdiction and manpower. Both agencies, especially the State Police, have in the past been ruthlessly prostituted by the politicians who control their funds. Despite these problems, both groups have met the Mafia challenge in New Jersey, and particularly in Atlantic City because of casino gambling, head-on.

This spring the State Police, acting as the intelligence wing of the befuddled, patronage-ridden, marginally competent Casino Control Commission bureaucracy (set up by the state to issue casino licenses) are in the forefront of the mob war in Atlantic City. They, together with the FBI and the local cops, are feverishly trying to apprehend the hit-man who took out Eddie Helfant and to determine whether his death in any way foreshadowed a bloody future for the resort.

However, beginning last year and continuing through last winter, the SCI, zeroing in on Atlantic City through its secret probe—code-named appropriately enough "7-11"—revealed a shocking level of mob infiltration in the resort city from several Mafia families—notably the Gambinos of New York, the Vito Genoveses of New York and North Jersey and, above all, the Angelo Bruno family of Philadelphia.

According to sources in the Atlantic City underworld, there was a general suspicion that the SCI was squeezing Eddie Helfant hard in its mob probe. Close friends of Helfant confirmed to *Philadelphia Magazine* that he had indeed been supplying the SCI with information and that much of it was solid and reliable. They are convinced that the mere suspicion of Helfant's turning informer would have been enough to jeopardize his life. The fact that Helfant had fulfilled his lifelong ambition of worming his way into the actual periphery of mob deals—and had actually become a party to those transactions—may have sealed his fate. It didn't really matter whether Eddie Helfant *had* dropped a dime or not. He was in a position to do too many people too much damage and *that* alone was enough to unleash the snow-shovel hit-man.

The SCI refuses to confirm that Helfant had been its stoolie, but other competitive law enforcement officials leave little doubt about their opinion of Helfant's role.

In any event, it was against this background of law enforcement intrigue plus prosecutorial pressure that Eddie Helfant became a part of the Casanova's deal. The old, defunct Cabaret Disco had changed hands for a reported $350,000. According to the previous owner, Frank Tumolo of Atlantic City, "My lawyer, Helfant, made the terms up. He arranged the whole deal." That deal included an initial partial down payment of $10,000 which was turned over to Helfant.

It was at this point that the State Commission of Investigation's attention last summer shifted from Helfant, just a bit player in the Casanova's scenario, to the far more sinister implications of the club's existence.

High stakes

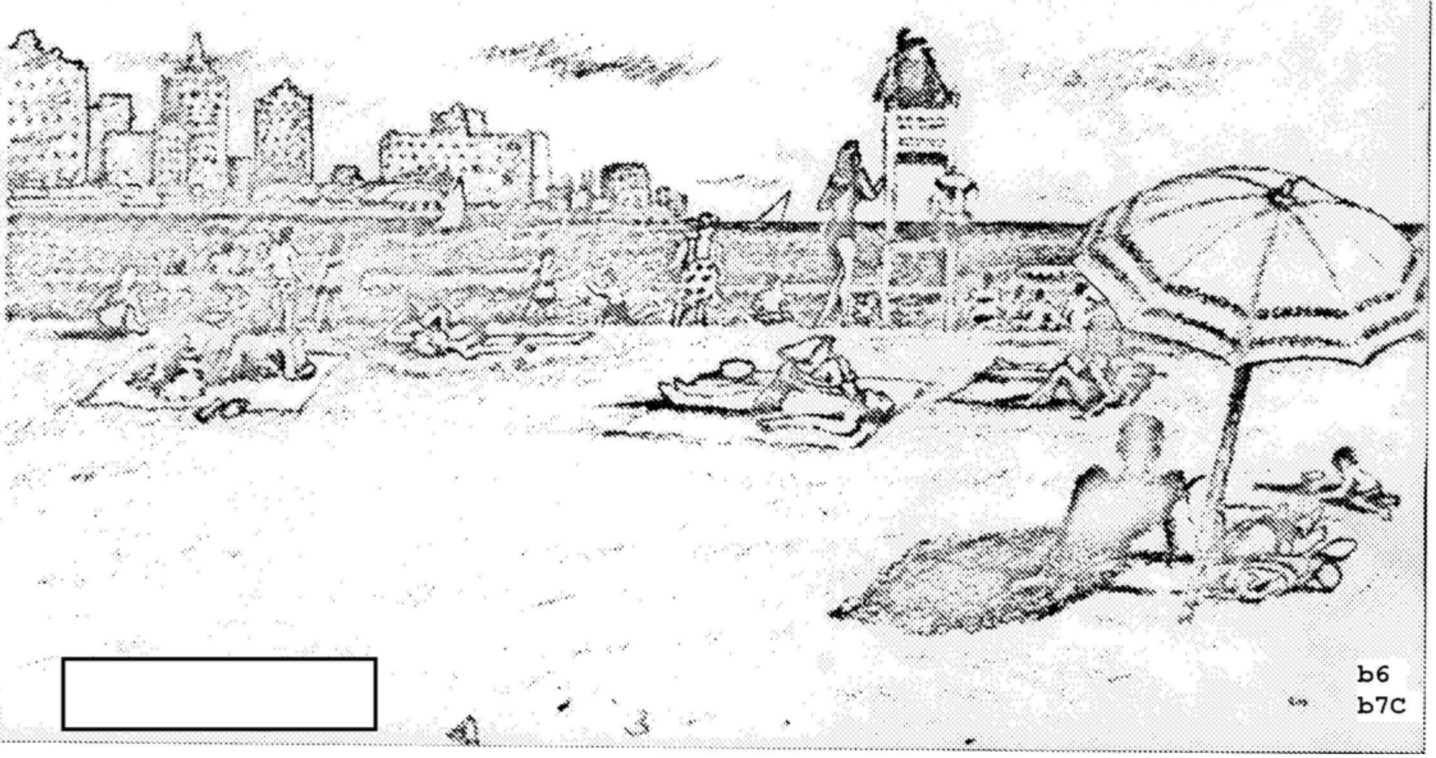
Organized crime grosses an estimated $48 billion-a-year from its nationwide rackets with a net profit of over $25 billion a year, according to a recent survey.

Resorts International, the leisure-world conglomerate which was scheduled to open Atlantic City's first and only casino in the remodeled Chalfonte-Haddon Hall last month, expects to clear $100 million a year from that single gambling operation with a net profit of $20 million a year. In fact, it expects the casino to pay for itself and its multi-million dollar start-up costs in just two years' time. The foundering *Playboy* magazine empire would be slipping farther and farther into the red each year were it not for its relatively small casino operation in London which subsidizes the Playboy empire to the tune of several million dollars annually.

Some of the largest corporations in the country, including the multi-national behemoth Gulf + Western, Hilton Hotels, MGM, Del. E. Webb and the Summa Corporation—the late Howard Hughes's company—as well as most of the Vegas casinos have all expressed more than a passing interest in Atlantic City's predicted glitter. Eventually, the resort's profits may be in the billions instead of the millions.

These are the kinds of profits the New Jersey Casino Control Commission is faced with regulating through its State Police specialists and cumbersome Division of Gaming Enforcement.

Joe Rodriguez, the savvy chairman of the State Commission of Investiga-



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tion, recently had this to say abo[illegible] East Coast's newest permanent [illegible]ing crap game:

"Organized crime is present and is actively trying to infiltrate Atlantic City. If we wait for the infiltration to be complete, it will destroy innocent businesses."

Writing in his own report, entitled "Incursion by Organized Crime Into Certain Legitimate Business in Atlantic City," the SCI chief detailed the enormity of law enforcement's task:

"Gambling in Atlantic City . . . will be an industry measured in billions of dollars, dollars which are invested and spent not only in casino hotels but also on almost every other facet of economic and social life imaginable. . . . We cannot tolerate an incursion by organized crime into areas *not* addressed by the licensing regulations of the casino legislation.

"Just as New Jersey must not accept organized crime ownership of a casino, it must also foreclose mob investment or control of businesses which will prosper from the spinoff of gambling."

It is in this area of the "spinoffs" or ancillary services and industries—like Casanova's—that operators like Eddie Helfant peddled their wares.

While the Casino Control Commission and other law enforcement agencies in Atlantic City are committed to making certain that each casino license applicant is clean, they are also committed to scrutinizing the allied industries for the kind of mob incursions against which Joe Rodriguez of the SCI warned.

As far as the casino giants are concerned, only Resorts International—which has been described as "having an amoral thread running throughout its corporate history and an apparent willingness to deal with shady interests if the company would benefit"—has made formal application for a casino license and for the licensing of hundreds of its key employees. This procedure, itself long and bureaucratic, will net the state of New Jersey a little over a million dollars in application fees bludgeoned from Resorts. It's a painstaking, laborious process involving an intensive investigation of the company, its finances and its staff.

The State Police, the FBI and the local cops are looking for the hit man who took out Eddie Helfant.

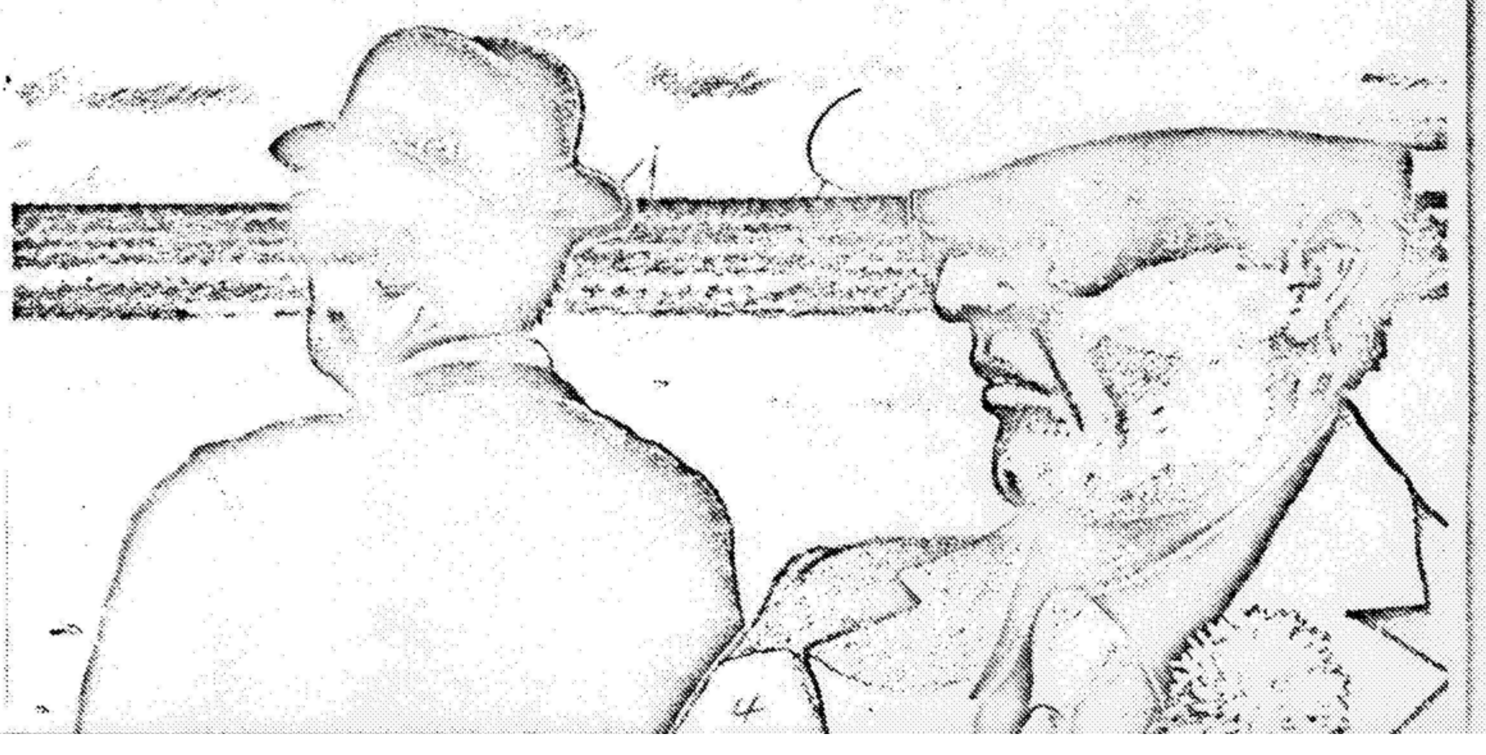
Since Resorts and its super-sleuth subsidiary, Intertel, have been linked with such recent scandals as Watergate, Nixonian politics, payoffs in the Bahamas and the bizarre last years of Howard Hughes, there is more than enough to investigate. Add to this the fact that Resorts, like every other casino proprietor in the world, has had to rub shoulders with the underworld's gambling czar, Meyer Lansky, and has had to recruit casino personnel, trained in some cases by Lansky himself; then the task of the investigators in New Jersey seems awesome indeed.

However, Resorts International has shown no signs of wilting or tarnishing under the glare. It's been much the opposite, in fact. Not only has Resorts bought Atlantic City, lock, stock and barrel, in terms of its economic impact, but it has even persuaded the New Jersey powers that be to take the extraor[illegible]ary step of granting it a temporary casino license before the Casino Control Commission's investigation is even completed. The dire precedent that this move has established was spelled out by Robert Martinez, the state's chief of the Division of Gaming Enforcement:

"Any conditional license which permits casino operations while major construction is in progress creates unparalleled criminal opportunities and totally unacceptable law enforcement problems."

Be that as it may, the dice were scheduled to roll at Resorts without benefit of a bonafide license.

The Casino Control Commission has really backed itself into a corner with this temporary licensing ploy, considering some of the other potential casino applicants. They will, for example, have to extend the same administrative courtesy to the Bally Manufacturing Company. Bally, a slot machine and pinball maker, has already admitted that some of its initial corporate financing came from North Jersey gangsters. Then, there is Playboy—a company that has in recent years been the subject of more than one federal investigation. *Penthouse* magazine, another applicant which will undoubtedly claim the temporary licensure privilege, is a closed, private corporation. Its casino operation in London was closed by Scotland Yard and at least one of its would-be casino management types in Atlantic City is already the subject of State Police interest because of his connections to the Havana casinos of Meyer Lansky. And don't forget Caesar's World, a Vegas outfit, which has also allegedly been lusted after by



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the insatiable Mr. Lansky.

All of these applicants—if they c[illegible]cide to stick it out in Atlantic City as Resorts has done—will present Herculean investigative headaches for the Casino Control Commission. The commission itself has been something of a nightmare since its initial formation by Governor Brendan Byrne.

Consider, for example, that of the five CCC commissioners, two have adopted a Hear-No-Evil, See-No-Evil, Speak-No-Evil attitude of non-involvement. One has admitted that he owns extensive shares of stock in the Bally Company, and another has refused to provide a financial disclosure statement. The only gutsy Casino Control commissioner, Albert Merck, of the pharmaceutical family, has no visible constituency among the thousands of New Jersey big-shots who intend to cash in on the gambling jackpot whether the mob is involved or not.

Philadelphia Magazine has learned that a former law partner of Governor Byrne's, State Senator Marty Greenberg, has done legal work for the principals of Amusement Technology Company of Asbury Park, an American distributor for Cope Allman International Limited, a London-based holding company which "intends," according to a company spokesman, "to supply 40% of the slot machines in Atlantic City." (Bally will probably supply about 50%.) The governor has never even entertained the notion that this might be some sort of ethical or conflict of interest issue.

Neither did it faze Byrne when Ray Bateman, his gubernatorial rival last year, revealed to the SCI that Byrne's chairman of the Casino Control commissioners, Joseph Lordi, had failed his four-way State Police check.

In fact, the Senate Judiciary Committee, which had to approve Lordi; and which is under the thumb of its chairman, Marty Greenberg, Byrne's associate, never even saw the information which the State Police dug up about Lordi prior to his confirmation.

That report revealed that Lordi's law firm had represented Newark mobster Gerardo Catena and his two brothers; that Lordi and his brother had frequented Catena bars; that Lordi, when Essex County prosecutor, had given a character reference for a gun permit for one of Catena's soldiers; and, finally, that while director of the State Alcoholic Beverage Control Commission, Lordi had hired a Catena associate as an investigator. Joe Lordi, the $60,000-a-year casino czar of New Jersey, didn't deny any of it.

It's little wonder that the Eddie Helfants of Atlantic City and the Gambinos quickly decided that the casino resort was theirs for the taking.

The Casanova's connection

Dominic Adamita is a small businessman from Mt. Laurel, near Cherry Hill, his attorneys told the SCI last year during widely publicized hearings in Trenton. His previous business experience included part ownership of a pizza parlor in Pennsauken and a passing acquaintance with Guiseppe (Joe) Gambino, the owner of Valentino's restaurant in Cherry Hill and a cousin of Carlo Gambino. At most, they said, Guiseppe Gambino was merely a business adviser to Adamita.

[illegible] failed to mention that Adamits [illegible]other, Emmanuel, was, according to the New York Police Department, the SCI and the Royal Canadian Mounted Police, an important soldier in the Gambino organization. So important, in fact, that Paolo Gambino, the late Godfather's own brother, had been spotted chauffeuring Emmanuel Adamita around.

The SCI, of course, was attempting to prove that Casanova's disco-restaurant was merely the latest and the most ambitious of the Gambino family's investments in South Jersey, which had begun in 1972 when they and the Brunos had reached some sort of agreement, allowing them to begin taking over pizza parlors, bars and restaurants in the Cherry Hill area, traditionally Bruno turf.

Had the Gambino family financed Casanova's? the SCI wondered.

Ridiculous, Adamita countered.

Then where did the money come from? the SCI demanded.

Simple, Adamita explained—from his pizza parlor partner, Lenny Soccolich.

And where did Lenny Soccolich get the money? the SCI asked.

He got $15,000 from his relatives, Soccolich explained; another $40,000—all in cash—came from a bag that he kept in a hole in the basement of his Delran, New Jersey, home. That formed the bulk of Adamita's down payment on Casanova's. Lenny Soccolich added that he didn't believe in banks.

The SCI, for its part, acted as though *it* didn't believe in the testimony of either Adamita or Soccolich.

As the hearings dragged on for four

MISSION

b6
b7C

JOSEPH LORDI

[redacted]

days, highlighted by the testimo[illegible] Angelo Bruno himself, the Don of [illegible]adelphia, the SCI's case became clear.

According to their revelations, Casanova's was really just Valentino's by-the-sea—and no one was making any bones about the fact that Valentino's was a Gambino family venture all the way.

About five years ago several members of the Gambino family set up a compound in the Waterford Drive section of Delran. From there they proceeded to buy up local businesses in Delran, Willingboro, Pennsauken, Cherry Hill and eventually southeastern Pennsylvania and northern Delaware. The gem of the Gambino family jewels was Valentino's, a swank disco on Haddonfield Road, which quickly became such a fascinating crossroads for the Long Island-South Philly-Atlantic City set that the cops and the feds soon began a regular ritual of taking down the license plates and snapping the photos of selected patrons.

Casanova's in Atlantic City is little more than a seashore Xerox of Valentino's—motifs, color schemes and atmospheres are identical. In fact, as the SCI pointed out, the same Brooklyn firm was responsible for the stucco work that distinguishes both establishments.

But the resemblance was far more than skin deep, as the SCI spooks revealed. For instance, Guiseppe Gambino arranged the advertising campaign for Casanova's through the same firm that handled Valentino's. He also offered advice, was frequently seen at the place, and gave every indication that he had a piece of the action, if indeed he were not the action himself. Both Adamita and Gambino scoffed at these suggestions.

> As soon as Angelo Bruno opened his mouth to the SCI, he strengthened their case immeasurably.

As soon as Philadelphia's Angelo Bruno opened his mouth to the SCI, he strengthened their case immeasurably by identifying Casanova's as an establishment where the Gambinos had an interest. In fact, he compared it to Valentino's, and once even stumbled in his testimony and used the names interchangeably.

Bruno was cooperative in his testimony before the SCI—the Mafia code of silence, or *omerta*, notwithstanding—partly because the last time the SCI had subpoenaed Bruno to sing about the mob in New Jersey and he had refused, the SCI, with its sweeping civil contempt powers, had locked up the aging Don for over a year at Clinton Reformatory. Actually Bruno's cooperation was token, because he wasn't telling the investigators anything that they didn't already know.

At this point it's important to recall something that Ralph Salerno, the dean of mob watchers and a former New York cop, told the SCI as part of its wide-ranging probe.

"I see," Salerno prophesized, "the beginning of silken webs spun by various spiders around Atlantic City."

Those silken webs spread out over not only the Gambino and Bruno crime families as far as Casanova's was concerned, but sometimes fall over the [illegible]munity at large.

[illegible]ccording to the testimony at the hearings, a case was made for being within the mob orbit by examining its suppliers for mob connections.

It turned out that the cigarettes for the vending machines at both locations were supplied by none other than that reputed "super salesman" for John's Vending, Don Angelo Bruno. In this case, Toomey Vending, a distributor linked to Bruno in the Atlantic City area, was the conduit.

The SCI also produced documents which showed that insurance for the restaurants had been obtained through Presidential Insurance Company of Philadelphia as broker, where Bruno's son-in-law, Ralph Puppo, is the key man. Of course, not all of the clubs' suppliers are mob figures. Some legit businessmen see the establishments as places to make a buck.

The underwriter handling fire insurance and business liability insurance for both clubs was Frank Siracusa, a prominent citizen and key political operative in the Atlantic City area.

A couple of years ago Siracusa entered the local spotlight when he shed the anonymity of his profitable insurance business to assume the role of treasurer for the powerful Committee To Rebuild Atlantic City (CRAC). This organization, of course, was the pivotal lobbyist for the passage of the legislation that took casino gambling to Atlantic City. Its largest financial support was Resorts International, which provided about 25% of CRAC's $800,000 war chest.

Following his experience at CRAC, Siracusa was then named by Assem-

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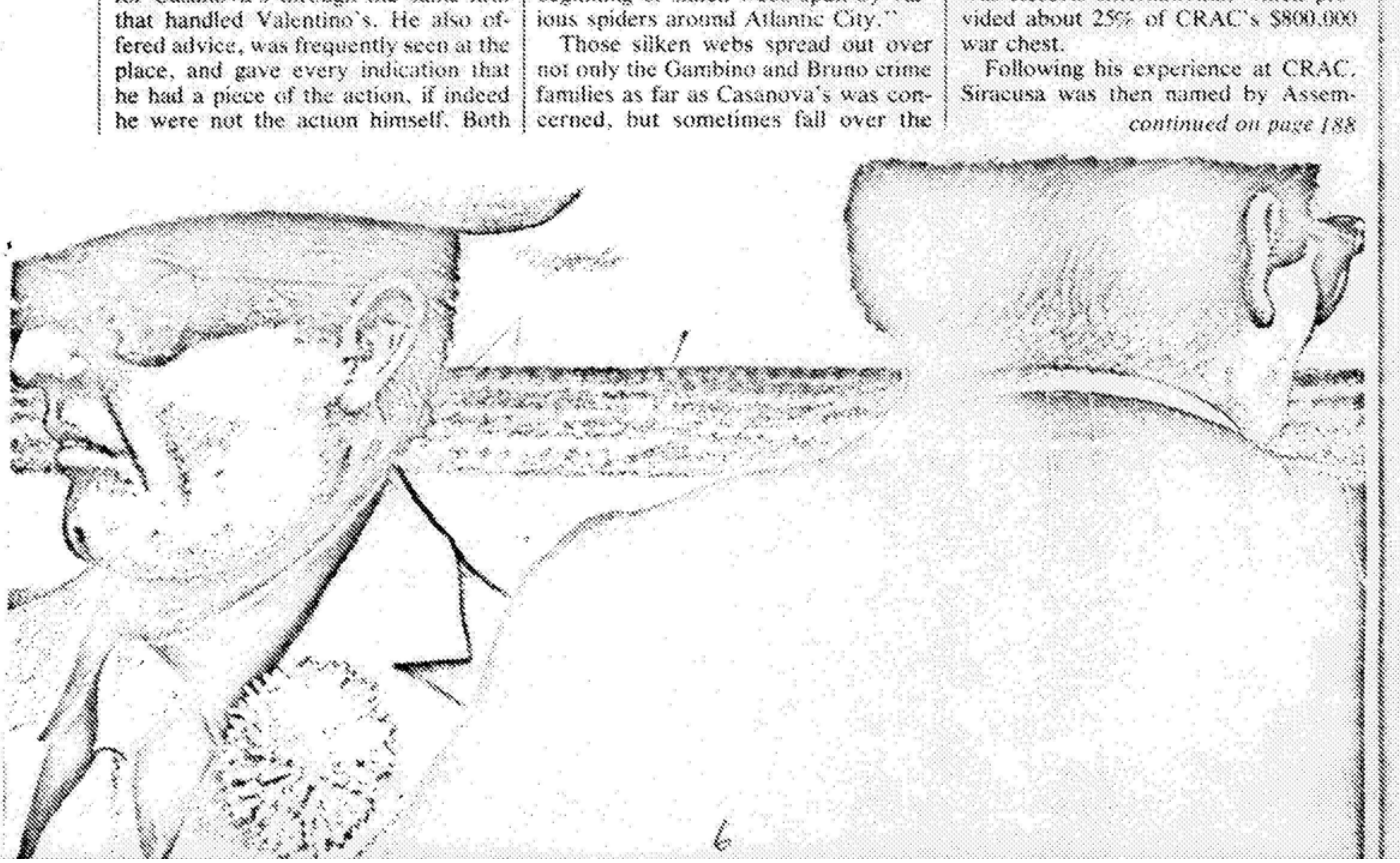

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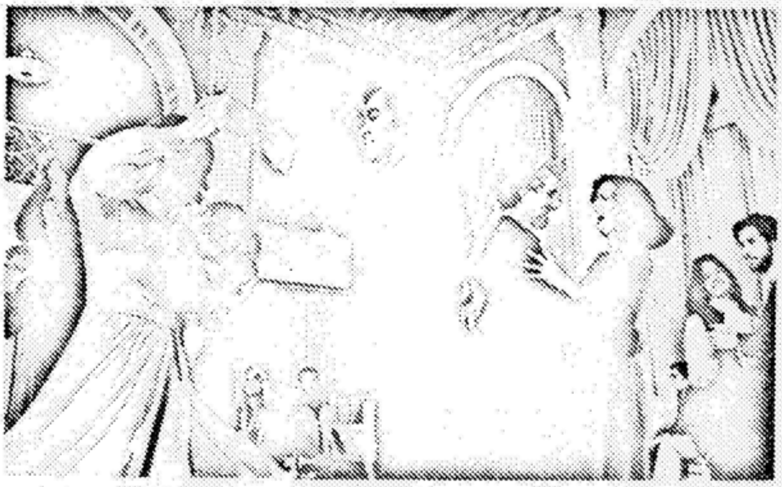

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Boardwalk mob

ntinued from page 149

blyman Steven Perskie to serve as his chief fundraiser and campaign treasurer in his successful bid for the New Jersey State Senate. Siracusa must have done a helluva job for Perskie because campaign records indicate that Perskie's battle against the incumbent, State Senator Joseph McGahn, constituted the costliest Senate race in the history of New Jersey. Perskie, for his part, is bent upon becoming Atlantic City's Hap Farley of the 1980s.

Why would a legitimate businessman like Siracusa—a man with such a clean reputation that he was trusted to serve in the sensitive capacity of treasurer in two hotly contested political battles—allow his name and his company to be linked from Trenton to Cherry Hill with the Gambinos and the Brunos?

Siracusa's classic answer to a reporter who questioned him about the SCI exposé, is sadly indicative of the shortsighted, fast-buck, get-it-while-you-can mentality of the hungry movers and shakers in Atlantic City today.

"I don't really know what the mob is," Frank Siracusa said after the SCI hearings, "I have trouble with the whole concept of organized crime."

The SCI bows out

The State Committee of Investigation's private war against the Gambino family lost intensity following that round of Trenton hearings. The organization was rocked by what it viewed as two serious defections within its own ranks.

The SCI's two street investigators in Atlantic City—both veterans of the struggle to keep the casino city clean—were lured away from the Spartan SCI and its idealistic executive director, Mike Siavage, by the glamour and high pay of Intertel—the globally connected private intelligence army that Resorts International retains as its internal security force.

In every way that counts, Resorts International has stripped Atlantic City of its autonomy and has rendered the resort little more than a company town.

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With all this in mind it's little wonder that the two top SCI detectives in Atlantic City, approached Intertel with resumes-in-hand.

Technically, of course, the detectives were supposed to be investigating Resorts and Intertel, as well as the Gambinos and the Brunos. Everyone—

7

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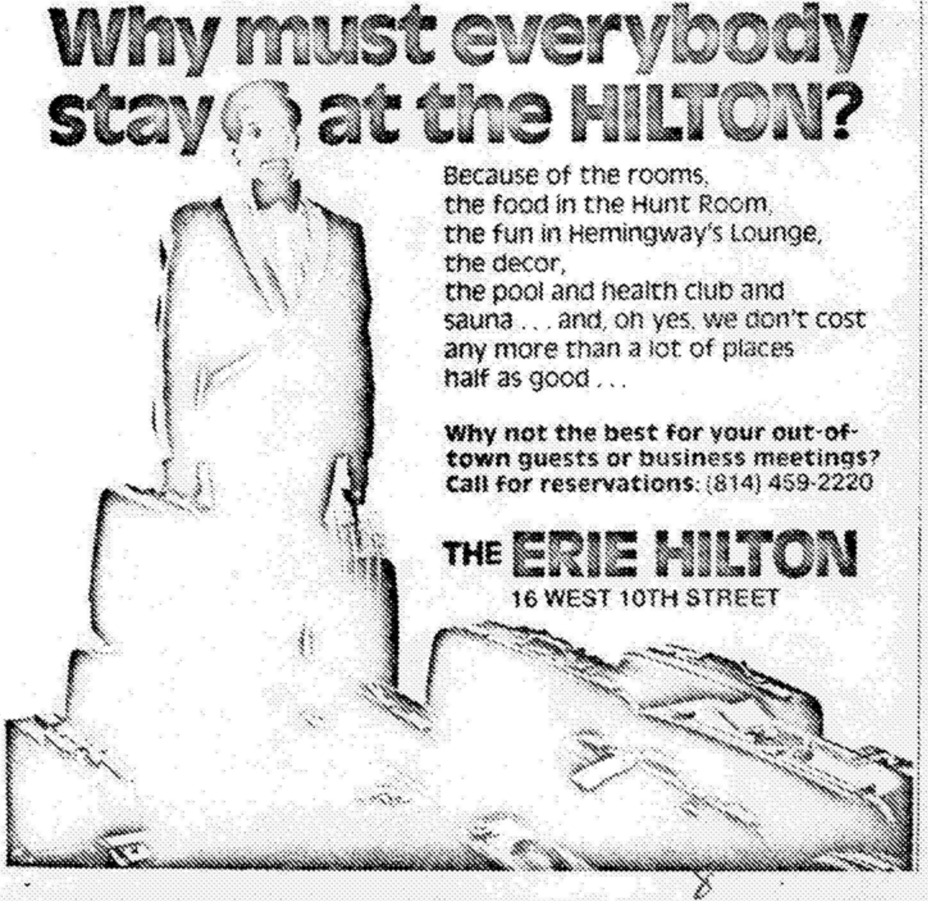

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particularly the big, multinational firms, like Resorts—was assumed guilty until proven innocent in their quest for casino licenses, as far as the SCI and the Casino Control Commission bureaucracy were concerned.

As soon as the SCI found out that two of its own men were trying to switch sides it suspended them. The SCI had its credibility badly shaken once more and was forced to de-emphasize Code 7-11 casino investigations.

The State Police stepped into the breach, taking up where the SCI investigators left off. They were almost immediately confronted by the bullet-riddled corpse of Eddie Helfant. And they had the suspicion that he wasn't the first victim of Atlantic City's most efficient hit-man.

The contract killings

The police working the Helfant murder case have steadfastly refused to even hint at a cause-and-effect relationship between the Casanova's deal (which an SCI commissioner labeled a blatant example of laundered Gambino money) and Helfant's execution. However, they can't very well ignore the circumstances surrounding Helfant's business transactions or the fertile leads that they suggest. Thus far, though, they haven't made a single arrest. Both the Atlantic County Prosecutor's Office and the State Police have a feeling that Helfant was only the latest victim of the resort's top killer.

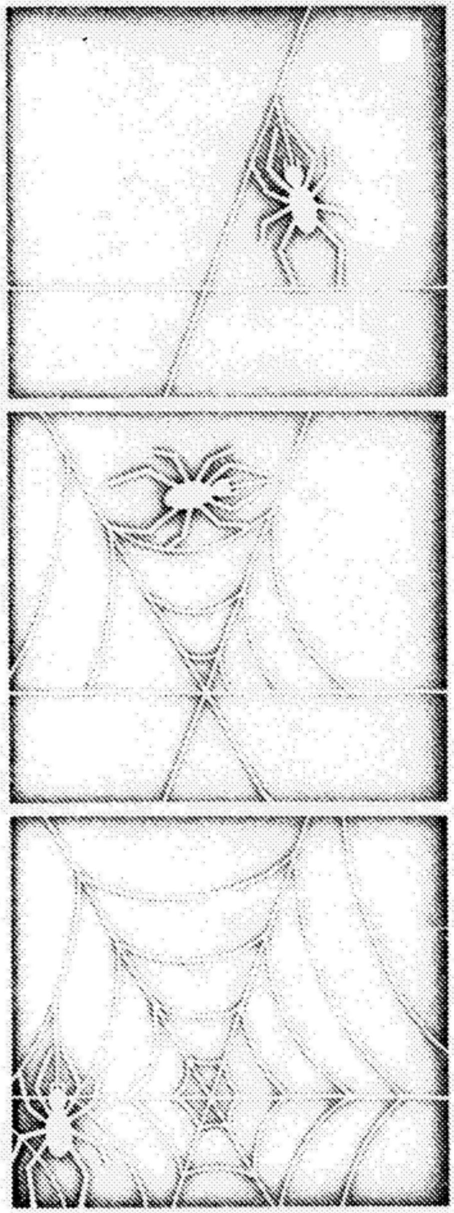
In February 1976, exactly two years and two days before Eddie Helfant was gunned down, a South Philly man, Lou DeMarco, was shot several times in the head and chest, gangland-style, as he stood in the early evening darkness of the parking lot of the Ensign Motel at South Hartford and Pacific Avenues in Atlantic City.

The description of the fleeing gunman in that case—slim build, 140 to 150 pounds, white male—matched the general characteristics of the snow-shovel hit-man.

According to the State Police, DeMarco had racket connections in Philadelphia and had apparently been hiding out in Atlantic City for some time. They also linked his murder to a Mafia hijack ring that was operating in the area.

The following summer, over the July 4th weekend, 1977, a tailor from nearby Pomona, New Jersey, who worked on the Boardwalk, Guiseppe (Pepe) Leva was found early Sunday morning on a road in Egg Harbor Township, shot four times in the head, lying face-up beside his gold Cadillac.

About a week earlier, Leva, a gambler, had been punched-out over a bad



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debt by Philip Leonetti, 24, the nephew of Nicodemo (Little Nicky) Scarfo—the man Atlantic City police contend is Angelo Bruno's bureau chief in Atlantic City.

Leva had been rescued from that beating—which took place coincidentally outside the Flamingo Motel bar—when Eddie Helfant stepped in as peacemaker. Leva later swore out a complaint against Leonetti. Several days later Leva's bullet-riddled body was found. (About eight months later, Eddie Helfant was killed in the same Flamingo Motel bar.)

An Atlantic County grand jury was quickly convened to probe Pepe Leva's mob-style execution. The individuals who reportedly appeared before it constituted a virtual Justice Department catalog of Who's Who among the reputed Boardwalk underworld. All were linked in one way or another to the Brunos of Philadelphia. They included:

- Little Nicky Scarfo, 48, Angelo Bruno's alleged contact man in Atlantic City. Like Don Angelo, Scarfo had done three years for civil contempt for refusing to testify about organized crime before the SCI.
- Nick (the Blade) [illegible], a maitre d' in Atlantic City, and a convicted murderer out on parole. Virgilio, sometimes a houseguest of Scarfo's, is viewed by some as an enforcer in Atlantic City. He would later be grilled in connection with the Helfant murder as well.
- Saul Kane, Atlantic City's leading bail bondsman and a part-owner of the My Way Lounge on Pacific Avenue, a hangout identified by the State Police as the underworld's favorite watering hole in the resort. Kane, together with two freelance Teamster organizers from Philadelphia, Michael Clark and James Plumley, was recently found guilty in Federal District Court in Camden of conspiracy and extortion against an independent baker in South Jersey.

A cement contractor, a bartender, Scarfo's mother and Leonetti's mother also joined the group, as well as young Phil Leonetti, accompanied, according to local reporters, by a Philadelphia hood also connected to the Bruno family.

The cops still aren't sure why DeMarco, Leva and Helfant were killed or who killed them; but at least one State Police investigator is convinced that the murders are linked.

"We can't prove it has anything to do with casino gambling, per se. But you have to recognize a very important fact—thus far, Mafia infiltration of Atlantic City has been most notable for its complete lack of violence.

"That tells us something—somebody wants the families to realize that the capacity to kill on contract does, indeed, exist. We see these killings as very definite object lessons. They're telling everyone, 'if you violate the truce that the families have worked out, you, too, can be blown away just as easily as these guys'"

The Boardwalk detente

They talk about Atlantic City being an "open city," meaning that no one crime family will be permitted to dominate all the rackets in town.

Almost to a man, law enforcement intelligence analysts accept this premise. What they can't agree on is the probable division of the city's vice empire into spheres of Mafia influence. The SCI did some spade work in this area and the State Police are still digging, too, along with the FBI; but thus far their findings are more speculative than substantive.

> They talk about Atlantic City being an 'open city' meaning that no one crime family will be permitted to dominate all the rackets in town.

In fact, a few investigators are convinced that the Mafia's ruling national body—the nine-member Commission of esteemed elder Dons, like Angelo Bruno—has decided to forsake its traditional policy of divvying up the pie in favor of a far more sophisticated approach. Atlantic City is so important to the mob as a test case for legalized gambling throughout the nation that they can't afford the kind of gang wars and Murder Inc. body-counts that have characterized their various territorial imperatives in the past. This time they'll be applying the slick tools of corporate management, including merger, consolidation, and diversification of investments. There's a fortune to be made from the casinos, but if they're not available the vice and the ancillary service industries will keep Atlantic City and the mob in the chips. In fact, there's too much money to be made to risk it all on family rivalries.

For example, *Philadelphia Magazine* has learned that a handful of top organized crime experts in New Jersey are now claiming that one of the most important rackets at the shore—loansharking—will be handled on a strictly boardroom basis.

Loansharking has always been a mainstay of the Bruno empire, reputedly under the domination of Frank Sindone, and has seen Philadelphia usurers practicing their trade among the casino crowd from London to Las Vegas. *Time* magazine has estimated that each year America's 26 Mafia families share in approximately $10 billion net profit from loansharking alone. Atlantic City is prime loanshark territory for many reasons, particularly to feed businessmen needing fast capital for expansion and casino players needing fresh stakes after bad evenings at the tables.

With so much potential action in sight, the mob's Commission has apparently decided that the families with loanshark interest in Atlantic City will pool their resources and operate from a central fund, probably headquartered outside Atlantic City, quite possibly in Philadelphia. Law enforcement agencies are waiting to see if other illegal activities will be centralized accordingly.

In the meantime the mob watchers, including the eminent Ralph Salerno, feel that they can already identify clear patterns and sinister developments that are definitely aimed at carving up Atlantic City.

Much of their information comes from intelligence gathered through electronic surveillance, informants and subpoenaed testimony obtained at various mob conclaves over the years. At each one the prospect of casino gambling in Atlantic City was the main agenda. Some of the best documented sit-downs have included:

- *Acapulco, Mexico, 1970*—This was the most significant Mafia congress since the Apalachin meeting in New York in 1957. Meyer Lansky, the mob's controller, as well as luminaries from throughout the Western Hemisphere, met at a number of restaurants and hotels in Acapulco, discussing, primarily, the laundering of Teamster Pension Fund money to promote and ultimately invest in legalized casino gambling in Atlantic City, Miami, and a number of other Eastern cities.
- *Hallandale, Florida, 1974*—By this point the reality of casino gambling in Atlantic City had simply become a matter of manipulating the State Legislature and buying the electorate on referendum day. This session featured transplanted New Jersey hoods, hiding out in Florida, who were preparing a long-distance takeover of the resort by the sea.
- *Miami, Florida, 1976*—This occurred just about a month before leg-

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islation was finally passed. It was a mini-Acapulco, involving New York, North Jersey, Philadelphia and Canadian interests.

- *Cherry Hill, New Jersey, 1977*—This was merely a regional conference between Philadelphia's Angelo Bruno and the Gambinos. Big Paul Castellano, a spokesman for the Gambinos, pow-wowed with Bruno in Valentino's restaurant. A few days later, during the Easter holiday, the Gambinos met with Bruno in his South Philadelphia home, presumably to adjudicate territorial problems.

Several New Jersey law enforcement officials were also gearing for another Cherry Hill meeting which was to have taken place in April. This time Fat Tony Salerno, the Genovese family's reputed financier, and most trusted launderer of mob cash, was expected to surface at another regional meeting. Unfortunately for Salerno, the courts in New York had other plans for him and he wound up receiving his first prison sentence on gambling and income tax charges, instead. Tony Salerno was supposedly the money-man for one of the biggest casinos in Las Vegas and his presence in South Jersey—even his expected presence—was viewed as a dire warning by many casino law men.

Divvying up the chips

The SCI, the State Police and several investigative reporters all agree that Atlantic City is currently under attack from three different mob families—Bruno, from Philadelphia; the Gambinos from New York; and the Genovese-Catena family from New York and Newark.

Major Justin Dentino of the State Police's Intelligence Unit estimates that of the 300 principal organized crime operatives in New Jersey over two-thirds have close ties to the Mafia. He further estimates that over 5,000 persons in the state derive their primary income from organized crime activities, including a dozen or so "made men" in the mob at the very pinnacle of syndicate power.

The Bruno family has always been the dominant Mafia force in South Jersey—from Trenton, where Bruno's brother-in-law ran the family business, to the shore area where a host of Bruno lieutenants carried out his bidding.

In Pennsylvania, the State Crime Commission estimates that at least 350 "legitimate" businesses have direct ties to the Bruno empire. There are no similar figures for New Jersey, but the numbers would probably be just as high. Bruno has accomplished all this with a very small family of no more than 80 or 90 "capos" and soldiers and about 300 low-level associates.

Bruno abhors violence and the Jersey State Police have dubbed him "the docile Don."

Thg Gambino family, which has operated rather peacefully on Bruno's home turf for the last six years, is a much more formidable tribe composed of as many as 2,000 soldiers and associates. In view of this, it's easy to conclude that the Brunos really didn't have much choice in the matter of allowing their rivals to establish a network of bars, restaurants and pizza joints. But cooperation between the two is apparent and, evidently, amicable, as the SCI's hearings reveal. Despite the recent small business incursions by the Gambinos, Bruno is thought to be assured of the lion's share of Atlantic City's lucrative ancillary hotel and casino services; including parking lots, linen and silverware, limo service, janitorial maintenance, garbage collection, electronic security systems, aluminum windows and doors and, of course, cigarette vending, the last having earned the Bruno family an estimated $1.2 million in South Jersey alone last year with

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Other alleged Bruno interests in Atlantic City have included the E. Forte Oil Company, located outside the city in Atco, New Jersey. Stumpy Orman's nephew, Frank Jock, who has been indicted on a narcotics charge, and Bruno's nephew, Michael Grasso (Philadelphia's financial wizard according to the police), had planned to acquire this obscure heating oil firm by rescuing it from bankruptcy and using it as a wedge to monopolize the oil heating business in Atlantic City. A series of federal indictments put an abrupt end to this scheme.

Another reputed associate of Mike Grasso and Angelo Bruno, suburban contractor Robert Skalsky, figured prominently in a sinister Atlantic City deal that once again saw the Brunos and the Gambinos cooperating to the fullest.

This scam involved Skalsky and Emmanuel (Matty) Gambino of Delran, another relative of the late New York Don. According to the SCI and other law enforcement agencies, Skalsky, as middleman, approached Mel Richman, a well-known advertising executive in Philadelphia, on behalf of Gambino. Gambino, using the name "Matty DiNardo," offered Richman a deal. He was to act as a front in the purchase and eventual conversion into a casino of the Shelburne Hotel in Atlantic City. Skalsky originally made the contact and promised Richman a one-third share in the $35 million deal, with no money down.

"They only wanted to use my good name," Richman would later testify. The deal fell through when Richman learned who "DiNardo" really was.

Another potential Bruno brainstorm that didn't come off was the purchase of a Pacific Avenue nightclub, the Le Bistro, by Salvatore Testa, the son of Bruno's alleged underboss, Phil Testa, and Frank Narducci Jr., the son of Chickie Narducci, the man police believe is in charge of Bruno's extensive gambling interests.

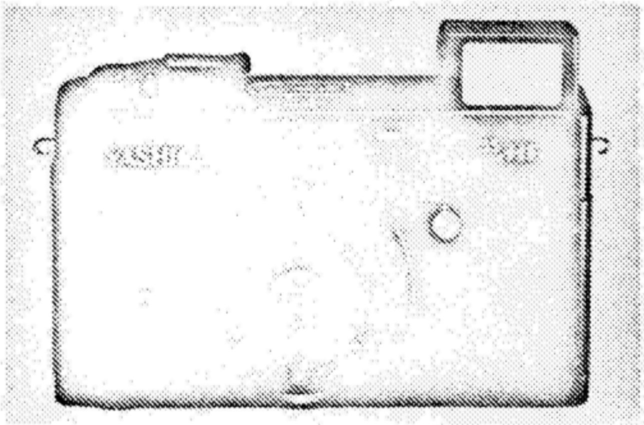
Young Testa and Narducci negotiated the $195,000 deal but the New Jersey ABC, under its director, Joseph Lerner, denied the two men a liquor license. Their own records were clean, but because of who their fathers were and because they had reportedly been seen associating with Nick Scarfo, Nick (the Blade) Virgilio and Saul Kane, the state agency deemed that the granting of a license to them would "be contrary to the public interest."

Lerner's action was part of a coordinated effort among several New Jersey law enforcement agencies to rid the state's liquor business of its mob element. In the course of this crusade every single one of Atlantic City's 258 liquor licenses was scrutinized and over two dozen were found to violate the law, either through technicalities or through the blatant employment of convicted criminals at the establishments where the licenses were held. This contributed to the ABC's hotly debated decision to supersede the city of Atlantic City in the administering of the licenses. Before casino gambling legislation passed, the licenses were selling for $5,000 to $10,000 each. Today, they command as much as $50,000 and the price is still going up.

Another area of concern to the liquor control people in New Jersey involves beverage distributorships, as well as tavern licensing.

This puts the agency in direct conflict with another Philadelphian, the oft-investigated beer baron of Schmidt's Brewery, Billy Pflaumer. (See *Philadelphia Magazine*, August 1976, "Mug Shot.")

Lerner's ABC had attempted to stop Pflaumer's expansion into New Jersey by holding up his required liquor li-



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cense on the grounds that he had pleaded guilty in Pennsylvania to an assortment of crimes, including conspiracy to falsify records, jury tampering, and mislabeling beer barrels.

He had also been a target of a seven-year federal grand jury probing organized crime in Philadelphia. This investigation arose, in part, from the fact that his financing in the $15.9 million purchase of Schmidt's seemed obscure, at best. Pflaumer also had three close Bruno associates on his payroll—Frank (Chickie) Narducci and Frank (Frankie Mendel) Matteo, as salesmen, and Mike Marrone as a loading dock supervisor.

Marrone, a ruthless enforcer with a long criminal record—including convictions for burglary, robbery and assault with intent to kill—had once opened a man's head with a meat-axe. The ABC learned that Marrone had been frequenting Saul Kane's My Way Lounge in Atlantic City.

Lerner didn't like any of this, particularly the Bruno connections. But the New Jersey Court of Appeals ruled that Pflaumer couldn't be prohibited from doing business in Atlantic City.

The Jersey cops are also intrigued by Pflaumer's latest acquisition. It's a vast estate in a rustic section of Cape May County. Besides a 28-room mansion and several guest houses, Pflaumer's Xanadu includes an eight-acre man-made lake, Olympic-sized pool, extensive sports facilities, riding stable, and practically impenetrable secrecy. "Beer World," as the compound is called, is surrounded by 14,000 feet of eight-foot-high chain link fence. Insofar as they can, the lawmen have been keeping an eye on Billy Pflaumer's visitors.

Don Angelo's competitors

At this point the Gambinos appear to be the Philadelphia mob's main competition despite their record of cooperation up till now.

The late Carlo Gambino had even purchased extensive oceanside property in the Wildwoods in anticipation of the casino bonanza. Closer to home, Guiseppe Gambino, the boss at Valentino's and allegedly at Casanova's as well, is in the process of solidifying his Cherry Hill holdings. He and his brothers just purchased the burned-out Rustic Tavern on Route 70, the scene of numerous past arson incidents. They intend to rebuild it as a $650,000 nightspot. Other bar and grocery store acquisitions in the neighborhood have also been linked to the family. In addition to this, the Gambinos are supposedly abandoning their Delran compound for an even more secure setup in Cherry Hill itself. However, the Delran-Willingboro area remai[illegible] [illegible]oroughly populated by Gambino [illegible]ers and their dependents. It's sure to remain a family stronghold because of its convenient geography with quick turnpike access to New York. Atlantic City and Philadelphia.

Matty Gambino and Robert Skalsky of the Shelburne Hotel deal, have been trying unsuccessfully to open an Italian restaurant at Broad and Vine in Philadelphia. The Pennsylvania Liquor Control Board, like its New Jersey counterpart, has been holding up a liquor license. Gambino and Skalsky deny any mob connection and claim that they are being persecuted.

Most of the Gambinos' empire in Philadelphia consists of close to 20 pizza shops and fast-food joints, including several in the center city area in the shadow of Billy Penn, as well as other outlets incorporated as The Father and Son chain from Cheltenham to Dover, Delaware, to Trenton, New Jersey.

The places are staffed, for the most part, by young legal and illegal immigrants from Sicily—apprentice Gambino soldiers, according to the customs agents, who arrest dozens of the wetbacks each year for crimes ranging from murder and narcotics smuggling to routine violations of the immigration laws. The U.S. Immigration and Naturalization Service has recently had this to say about the problem, "Big organized crime operations are almost like travel agencies. They have New York offices and they can find you 50 workers, complete with phony documents, to work in Philadelphia."

The family's entrance into this segment of the food industry has also coincided with several pizza parlor arsons in Delaware, Pennsylvania and New Jersey.

Back in the Atlantic City area both the Brunos and the Gambinos are experiencing still more Mafia incursions from several other gangster elements. According to the SCI and other law enforcement sources:

- Reputed Meyer Lansky associates, Morris Lansburgh and Mike McLaney, have explored the possibility of acquiring Atlantic City property.
- The Columbo family of New York, which controls much of the nation's $2 billion-a-year porno trade has been active among independent theaters in the Atlantic City area. In fact, a reputed Columbo soldier and two associates recently pleaded guilty to setting fire to the Tilden Theatre in Mays Landing.
- Other shore enterprises, including Atlantic City's airport, Bader Field; several retail stores; the casino gaming school business, and the jewelry trade

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have all been the targets of abortive mob takeovers.

- Seashore rackets still up for grabs include prostitution, narcotics, hijacking and street-level gambling.

For the past two summers the police have been quietly eyeing an elderly Margate clothing manufacturer, Joe Abate, an old-time associate of organized crime, usually linked with the Al Capone mob and the Luchese family of New York, the bosses of the garment district, as a possible consigliere or referee who could mediate mob problems—bloodlessly—in Atlantic City.

Abate has been a pillar of the community for years and a well respected businessman in Atlantic City. His police contacts are decades old. Recently, Abate conceded that the feds had been scrutinizing his actions and probably wiretapping him, as well. Because of this surveillance and because of recent press attention that at least one North Jersey newspaper has focused on Abate, following up *Philadelphia Magazine*'s initial disclosure of his existence last summer, Abate's potential effectiveness has probably been blunted. Like Matty Gambino, Abate has told reporters, through his attorneys, that he is being persecuted.

Whoever the present consigliere is, he'll have his work cut out for him keeping the families at bay in Atlantic City—especially as far as labor racketeering is concerned.

The union goons

Major Dentino of the State Police estimated in 1976 that "of the 2,500 or so labor union locals in New Jersey, just over 50 have direct or indirect ties to the mob."

Most of these ties are traceable to the Vito Genovese family of New York and its North Jersey counterpart, the Gerardo Catena clan.

However, according to the New York Police Department and the SCI, the Genovese family is presently involved in a bloody civil war. Their problems are compounded by the continuing legal entanglements of the family's top New Jersey benchman, Anthony (Tony Pro) Provenzano. He is the former Teamster leader of Local 560 and his brother is the head of Teamster Joint Council 73, both headquartered in Union City, New Jersey. He's also the suspected missing link in the disappearance of Jimmy Hoffa.

Joint Council 73 will probably get the nod to organize many of the 45,000 to 100,000 new jobs that will open up in Atlantic City by 1990. As many as 18 casinos may generate as much as $1 billion a year in new resort income, including $850 million in new construc[illegible] projects. What all of this instant economic recovery means, according to Atlantic City DA Robert Williams, is that, "Mob-dominated unions can control who works. It's a source of tremendous unchecked power that can, in a town like Atlantic City, control the government."

If that control does come from Joint Council 73 and Tony Pro's gang, look for the Pecora brothers to figure prominently in the takeover.

Joe Pecora (who has in the past been represented by Governor Byrne's law partner, Marty Greenberg) is the secretary-treasurer of Local 863 in Newark and the vice president of Joint Council 73. His criminal record is intimidating. He's now in his 70s, but at one point he was the enforcer for Abner (Longie) Zwillman, the mob lord of all New Jersey during Prohibition.

Street rackets still up for grabs in Atlantic City include prostitution, narcotics, hijacking and street-level gambling.

The 4,500 members of Pecora's local, *Philadelphia Magazine* has discovered, drive the trucks and man the loading docks that have traditionally distributed wine and liquor to most of the Boardwalk hotels in Atlantic City.

Pecora, together with his brother, Thomas (Timmy Ryan) Pecora, a former business agent for Teamster Local 97, headquartered in Newark, were involved in a bloody attempted takeover of a portion of the A&P Supermarket chain purchases in several Eastern states. When store managers refused to accept mob products, distributed through Pecora-connected companies, murder and arson followed in a savage reign of terror.

Other figures from Thomas Pecora's Local 97 have allegedly supplied financing for a bid on the Claridge Hotel in Atlantic City.

Provenzano and the Pecora brothers and their associates are expected to muscle in on all aspects of organized labor in Atlantic City from food service and distribution to vending machine maintenance to armored car services for the casinos.

Other mob elements on the union

scene in Atlantic City include a Midwestern group that's after the bartenders; a New York outfit that is organizing security guards and rent-a-cops; and Philadelphia forces that have their eye on the hotel and restaurant workers.

Also coming in are hard-hat unions. As far as the building and construction trades are concerned, "freelance organizers" from John McCullough's rough and tumble Roofers, Local 30 in Philadelphia, have already made their presence felt.

What all of this means—particularly the internal weakness of the Genovese family—is that the labor picture is murkier than ever. Tony (Tumac) Accetura, identified by the SCI in 1972 as "one of the Mafia's shining lights" may emerge as a mediator. He's holed-up in Florida now, hiding from an SCI subpoena. He is expected to keep the Brunos and Gambinos away from each other's throats in the labor area. (Accetura is also reportedly under investigation by Philadelphia authorities for his part in the disappearance of Yellow Cab executive, Don Gaddis.)

The way the mob experts see it, the North Jersey union crowd has a strong prior claim to the unions in Atlantic City through Tony Pro and the Genoveses. However, the other families may sense weakness and try to move in.

THE U.S. ATTORNEY for New Jersey, Robert Del Tufo, is understandably concerned with these mob incursions. He, like every other law enforcement official in the state, realizes that Atlantic City is ripe for a takeover. Even if the Casino Control Commission *can* regulate the gambling palaces themselves, the ancillary industries will continue to present a tempting target for the mob families in and around the resort.

As Del Tufo and the racket-busters perceive it, despite the executions of fringe figures like Eddie Helfant, the day of the smoking gun and lead pipe may almost be over. The real emphasis in the mob war against Atlantic City will be on white-collar crime—a $40 billion-a-year industry that is still growing. This kind of venality, however, cannot exist without the full cooperation of law-abiding citizens. In a recent speech Del Tufo was eloquent in his summary of this situation:

"White-collar crime," he said, "is clandestine; it is calculated; it is often conspiratorial; it is always deliberate; it is, without doubt, supremely premeditated, and it is fueled, fired and driven by greed."

Nobody had to be told that Del Tufo was talking about Atlantic City. ■■

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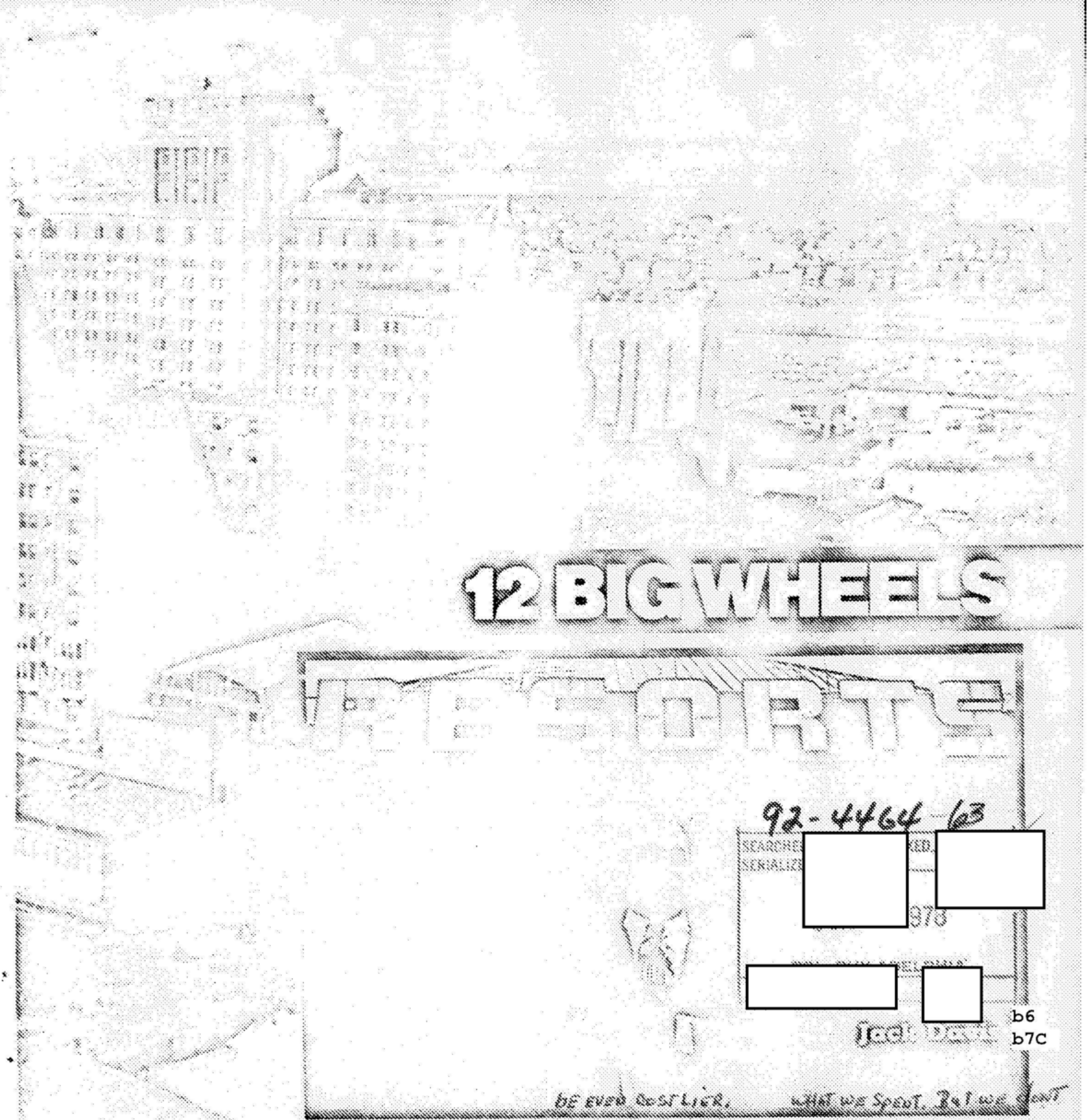

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Jack Davis

be even costlier. what we spent. But we don't

PhiLadelphia
Magazine
June 1978

There are those down here who say that **Jack Davis** owns this town. And maybe he should. A couple of years back, when it was down and out and nobody wanted to know the troubles it's seen, Jack Davis took a very big gamble on Atlantic City. His company, Resorts International, made the decision to set up shop here before it was the thing to do. In addition to spending some $55 million buying and fixing up the Chalfonte-Haddon Hall, it has also plopped down a non-refundable $200,000 deposit on a 56-acre tract of urban development land just a couple of blocks away for a second casino. Which it expects to

And Jack Davis, as Resorts president, is the very understated lord of all this, sometimes in a fine silk suit and Gucci belt, more often in a pair of Nike running shoes. Davis has come down here to work, not be a figurehead. And the work is coming at a breakneck pace. The showplace Davis is overseeing goes well beyond the minimum specifications. It is nothing less than a first-class operation done on an international scale.

"We're trying to maintain the majestic image this town once had," Davis says. "And we're trying to give it a big shot of life. We could have met the requirements here for less than 20% of

work like that. We'll be hiring some 800 people just to run the casino. And those people are going to need places to live and shop. So you'll see apartments and shops being built. We're only the beginning of the injection."

Davis is still upset over allegations by some that there has been an injection of organized crime into the Resorts corporate structure.

"Those charges," he says, "are totally without substantiation. In fact, the mob has been leaving casino gaming for the last ten years. It's too regulated for them, too out in the open. They go where the quick money

And THAT IS NOT IN GAMBLING.

Reese Palley made his bundle re selling porcelain Boehm rds. And now, shrewd busi- ssman that he is, the merchant to the rich is himself rich. "It's a great feeling," he says. "My biggest worry in life now is who's going to build my next sailboat."

Palley's money was made quick and easy. He, along with attorney Martin Blatt, bought the Marlborough-Blenheim, where Palley's store was located. And then they quickly turned around and leased it to the Bally Corporation. And that turned them a very neat profit. And Palley, with that investment growing in his hip pocket, has moved his shop right up to where the action is, on the Boardwalk corner hard by Resorts International.

"In a few years," Palley says, "we'll have Vegas with an ocean. But now we're working in an urban ruin. Vegas never had any of these problems. They had no financial problems. They had mob money. Well we don't have that, so it's going to take a little more time.

"And who really cares? So we'll all get rich a little later. And the people who will make us wealthy are the nouveau riche. They're the best kind of people. They like to spend money.

"They'll help turn this place into Disneyland with slot machines. And the same kind of people who go to Disneyland will go to Atlantic City. Except that we will have sex. Gambling is very sexy.

"As long as the local yokels don't screw things up, we'll be okay. Don't forget, this is a garbage town with fourth-rate merchants, seventh-rate politicians and ninth-rate hotels. And you just don't change things like that overnight."

Jim Cooper
Reese Palley
Downstairs
Card Shop
Gordon's
IT'S AN
EXPERIENC
up your alley
12 BIG WHEELS

William tenBrink

* * *

remember **Jim Cooper**, the guy who paid Derek Sanderson $2.6 million to play for the Philadelphia Blazers, his ill-fated second-string hockey team which went by the boards after only one season back in 1973.

Cooper has been more successful in Atlantic City, than Philadelphia. He has had his fingers in more things at the shore than anyone else. Cooper is a lawyer with the firm of Cooper, Perskie, Katzman, April, Needleman and Waggenheim, one of the state's more influential law firms. He started the Atlantic National Bank eight years ago. It was the only bank, Cooper says, to actively get behind the Atlantic City gambling movement. And he's now the chairman of the board of the bank. He's the driving force behind Gardner's Basin, Atlantic City's effort to build an Eastern version of Frisco's Fisherman's Wharf. He's the chairman of the board of a title insurance firm. He's the managing owner of Little John's restaurant, and he's opening a chocolate factory and ice cream parlor in front of the Resorts International Hotel this summer. They'll be selling Philadelphia's Bassetts Ice Cream.

Jim Cooper has been able to afford living in Atlantic City. For many others, it has been difficult. "I was born and raised here. I have always been able to love it and enjoy it," he said. "Now everyone will be able to enjoy it."

* * *

Murray Raphel is one of the diehards. He's been in Atlantic City for over 30 years now, through the good years and through the very lean ones. He came here with his brother-in-law, Milton Gordon, to open up a youth clothes shop on Atlantic Avenue, a store that became known as one of Atlantic City's finest.

But when the city started slipping, Murray Raphel didn't retreat. Instead, five years ago, Raphel decided it was time for expansion. He poured in about two million bucks to expand his large store into a mini-mall of 30 stores—everything from a fine cheese shop to a fancy figure salon. A lot of people thought Raphel was crazy. Yeah, crazy like a fox. His Gordon's Alley complex of fine stores now sits about a block-and-a-half away from the Resorts casino.

"We've been in a down era here," Raphel says. "I call it B.C.—Before Casinos. That's when people used to say 'Atlantic City, yeah, my mom and dad went there on their honeymoon.'

"And now it's 'Hey buddy, which way to the casino?'"

Raphel, who long pumped life into a dying city, says Resorts deserves the real credit. "They made the commitment here," he says, "and they rescued us.

"We'll be getting a different kind of visitor now—the high-priced ticket peop[illegible]o have money to spend. [illegible] that'll benefit all of us, born here in the Alley and up on the Boardwalk. Even the people who live here will have more money to spend. They'll be getting paid 52 weeks a year. And they deserve it. We all do. After years of hearing the cry of wolf from the top of the hill, it's a pleasure to see that something's finally going to happen."

* * *

What's good for Atlantic City is good for **Rita Ann Zaberer**. "We're feeling the change at the restaurant already," she says. "Lots of our customers are oil men from the offshore drilling rigs. It can only get better." Not that things at Zaberer's have ever been bad. While most of the shore resorts were crying in their beer, the restaurant her husband opened 18 years ago on a barren strip a good half hour from the ocean grew from a country bar to a local institution. The original building has been added onto 27 times. It now serves 1,000 people in 11 ornate dining rooms on the ground floor and several hundred more in lounges and private rooms upstairs. It is the Jersey shore's second Zaberer's; the first one is owned and operated by her brother-in-law outside of North Wildwood.

"When my husband brought me here from Wildwood I thought this area was Deadsville and he was out of his mind," recalls the one-time junior high school English teacher. "But he always had foresight so I kept my mouth shut." Seven years ago, Charles Zaberer, the visionary, died, and Rita stepped out of his shadow to discover she could be something of a luminary herself.

"Being in business, people know and respect my name. I felt you can't stay buried in your own little cubbyhole so I began to join things to help the community. I'm a good organizer and planner and I don't dilly-dally. Pretty soon people were saying, 'Grab that Rita. She really does a job.'" She did a job with the American Cancer Society, getting more cash poured into the Atlantic County coffers than any previous chairman and injecting social pizzazz into traditional fundraising. She became active in the Chamber of Commerce and Hotel & Motel Association, proving to be such a whiz at promoting the shore, both named her Woman of the Year in 1976.

The only problem Rita Zaberer sees on the horizon is transportation. And traffic jams could work to the restaurant's advantage. There's no place else to pass a pleasant hour or two if you're stuck in crawling traffic on the Black Horse Pike. That's foresight, all right. —C.S.

* * *

William tenBrink was born, bred and buttered in Atlantic City. And at 39, he's now chief of police in a town where the biggest worry used to be kids missing curfew. But he seems to be taking the town's newest industry and its expected by-products pretty much in stride.

"Sure we've had some bad years down here," he says, "but we've got the handle on it. I know people might be afraid of getting rolled down here, especially the big winners. But we've looked into the way Vegas protects people who win at the tables. The hotels usually take care of the security themselves. The police don't get involved. Winners usually put the sum on credit or get certified checks. Those who decide to take it with them will have a casino security guard escort them to their car. We will not be providing an escort service. But we think there's little to worry about. You'll have a better chance of being mugged in Philly or New York than in Atlantic City."

tenBrink anticipates other problems too, none of them dramatic, though. He figures there'll be some drug increase and probably a tripling in prostitution. "Because of gambling and more conventions," he says, "Atlantic City will be added to the circuit of cities that big-time prostitutes circulate in. But it will be easier to control than the low-rent freelance stuff we've got now. It's hard for a circuit to operate without leaks."

The chief sees gambling as a good thing for his town. "It's not a cure-all," he says, "but it's a start. It's a question of whether you want to deal with the problems of poverty or growth. I'd rather deal with the problems of growth."

* * *

It is a typical night at the Knife and Fork Inn. The doors have closed at 10 and the place is packed. There are some big shots from Resorts at one table, a couple of city commissioners at another. And there's Billy Weinberger from Bally, walking right past Penny Singleton, who used to play Blondie on TV. It is your basic night, and the brothers Latz alternate smiles.

The Latz family has been in Atlantic City for most of this century. First they ran a hotel called The Alamac. It later became the Mayflower. And then they ran everything from a speakeasy to minstrel shows in the streets. They started the Knife and Fork, where Atlantic meets Pacific and politicians meet celebrities, in 1927. And almost since that day it has been known as the finest restaurant in town.

Jim and Mac Latz have kept it that way. As Atlantic City hit bottom in the past few years, they stuck it out, keeping their standards as high as ever, still demanding a dress code. They were the last fortress of fineness in a town that had been overrun by T-shirts, cutoffs and crime.

"We just felt we owed it to the town," Jim Latz says. "We've put in so many years here, we just couldn't stand by and watch it go under. And gambling's going to save it. You just wait until you hear those first slot machines ringing. Everybody here was waiting for the death knell. Well, that's the sound of new life."

And how will that affect the Knife and Fork? "Oh," Latz muses, "I guess we'll be more mobbed than ever. And we won't have to worry about enforcing the dress code. We'll have quality people coming down here, people who *want* to get dressed up. After all, this is going to be some big party."

■

Steve Perskie is still in somewhat of a dream world. A few years ago, he was a relatively unknown seashore lawyer and state assemblyman from a very run-down district. Then he took up the gauntlet of casino gambling. He saw it as the savior of his city. And Perskie pushed and pulled and cajoled and managed to emerge as the major force behind the winning referendum.

And now, at 33, Steve Perskie is a powerful state senator who has been labeled as "the undisputed king of casinoland."

"You just watch this place in a few years," Perskie now says. "Sure, a casino or two now might not mean that much to the city as a whole. But just wait. Come back in four years, come back in six years and you won't recognize this place."

Perskie, aware of criticism from many quarters, was a main architect in the casino law he calls "the strongest statute in the world." It was designed to keep the mob out.

"We can, have and will keep them out of the casinos, the casino-hotels and the businesses that deal with them. We deliberately designed burdensome application forms and systems of checking to keep them out. Now we're looking to get a handle on ways to regulate the noncasino business, because that's probably where they're headed."

Perskie has been beating the drum in other areas too. He's been trying to get more money for the town, and he's been trying to get its businessmen to paint and fix up their places.

"There's a definite problem with short-term visibility here," Perskie says. "When the casino measure was passed two years ago, there was a great feeling that all our problems were solved. And that's just not true. In fact, most of them haven't even come up yet."

[illegible] & Jim Latz
Steve Perskie
Billy Weinberger
Florence Miller

* * *

Only **Florence Miller** could unite in one room 400 people who are normally so busy squabbling they can't even agree on the ocean temperature. But when the Atlantic City Art Center celebrated its silver anniversary in April with a black-tie tribute to its 61-year-old whirlwind founder and director, every politico in town came out to say thanks to the woman who is most responsible for carving a niche for the visual arts in the city by the sea.

Seashore resorts normally have as much interest in art as in snow removal. It's tough to drum up support for anything that doesn't promote tourism. That's unless your town has a tenacious year-round resident like Florence Miller who runs an art school with her painter husband, George, and decides the students need a place to exhibit.

In 1952 the woman who was once a stand-in for Liz Taylor on the set of *National Velvet* began campaigning for local recognition of local artists. She's never stopped. Because of her energetic lobbying there is a permanent visual arts center floating over the ocean at Garden Pier on New Jersey Avenue, a huge annual art show festooning miles of Boardwalk every summer, and original paintings instead of calendars on the walls of civic buildings throughout Atlantic County. Right now she's pushing for statewide legislation requiring that 1% of the cost of any public building be spent on public art or sculpture.

"My secret," she says, "is I never let go. In '69 I had $23 in the Art Center treasury. I marched into the mayor's office and laid it on his desk. I told him I can't beg from the merchants or my family any more. Either you give me a city employee to run the center or I'll have to close it. God bless him, he did." —C.S.

* * *

Billy Weinberger didn't need this frustration. At 65, he had a very comfortable job as president of Caesar's Palace in Vegas. He certainly didn't come here for the money or the security. "It's just the pure challenge," he says. "This town has suddenly opened up as one of the last frontiers left in America. And I guess I've always been a pioneer."

From his beachfront office in the ancient Marlborough-Blenheim Hotel, Weinberger assays his new treasure. He is here representing the Bally Manufacturing Corporation, the people who, among other things, make all those slot machines. But they're into bigger things now. In addition to the Marlborough-Blenheim, the company has bought [illegible]eighboring Dennis Hotel. I[illegible]call for an $85 million pr[illegible] where the hotels now stand. Except for one problem.

A state agency has declared the deteriorating old Marlborough-Blenheim an historic landmark. And that means that Bally and Weinberger can't rip the thing down like they want to.

But Weinberger insists there's no alternative. "It's impossible," he says, "to bring this hotel up to modern safety standards. So what good is an unusable monument to the past? This place used to employ 450 people. When the new Bally complex is finished, we'll employ 2,000. Isn't that what this city really needs?"

Weinberger is sure, though, that the state will see the light. "I think," he says, "that this will be the greatest market in the entire world for the gaming industry."

And that's a pretty sweeping statement. Especially when you remember that Billy Weinberger came here from Las Vegas.

* * *

This isn't the first questionable cause that **Gary Shenfeld** has championed. In what sounds like a one-liner from a Bob Hope comedy routine, he once handled public relations for Wilbur Mills.

Shenfeld is an established newsman, having put in a number of years at KYW here before hitting the national publicity circuit. He is married to a former nun who used to be mayor of Evesham Township, New Jersey. Now, he works out of a very small office at the corner of New York and Atlantic Avenues in Atlantic City, handing out cigars and pens with his name on them and very good information.

Gary Shenfeld came down here two years ago to do public relations for "The Committee to Rebuild Atlantic City," a group of local leaders whose main function was to pass the then-pending casino referendum. In a state where a similar bill had been walloped to defeat a couple of years before, Shenfeld might as well have been representing Wilbur Mills again.

But something happened this time. It all went smoother and it all went a lot slicker. Some people say gambling won because of the public relations effort. And nobody was about to sell Gary Shenfeld and his little agency short. The Playboy people quickly hired him to represent their interests at the shore. And just when he started getting snug as a bunny, the Resorts people came and stole him away.

"It doesn't pay to be a pioneer," Shenfeld says. "Everybody's just sitting and waiting now, they're waiting to see if Resorts makes it. And if they do, they'll all jump int[illegible] pool. It's been like a tidal [illegible] down here. And Resorts has been at the breakers. They've had the guts to dump all the money in up front. To be the test case. And they've been doing it with an awful lot of people watching. Not just government people and hotel people, but the national press. That's been one of my main jobs down here, keeping the press happy. The opening of Resorts will be the most covered event since the Super Bowl. The national press people have had their reservations in months in advance. They've taken so many rooms, there's no space left for real people. It should be funny opening day. NBC will be interviewing ABC. And ABC will be interviewing CBS. . . ."

* * *

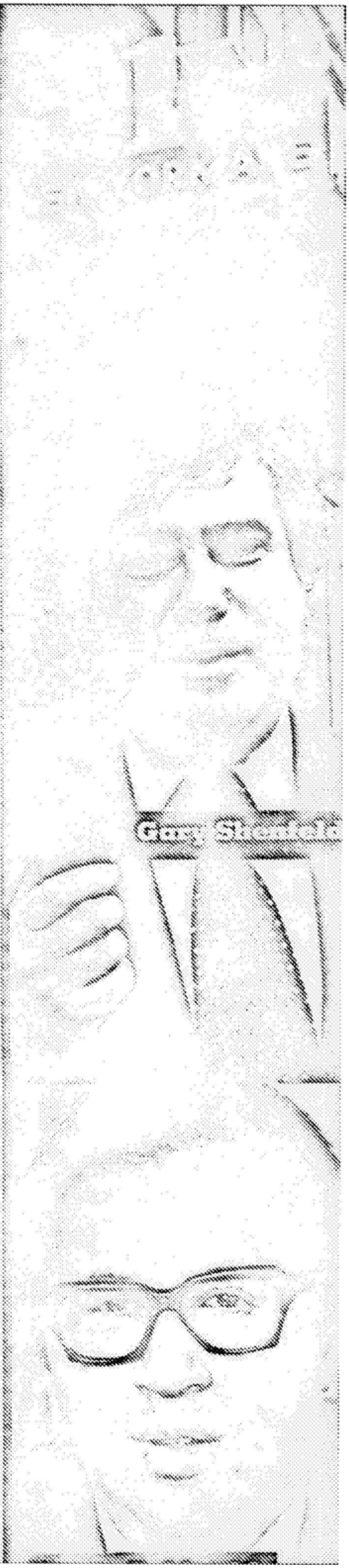
The Playboy construction office on Florida Avenue is really the old Hotel Roma. But the little old ladies in plastic bathing caps are gone now, replaced by a receptionist with an English accent, a large sheepdog, and a financial wunderkind named **Henry Goldsmith.** A Harvard fellow who spent a number of years operating the English end of the falling Playboy empire, Goldsmith sucks on a long thin cigar, scratches his peachfuzz face, and ponders the future of the town he's now living in.

"If Atlantic City hasn't hit rock bottom," he says, "then it's come goddamn close to it. The city needs a total cleanup. The casinos just won't be enough. They've got to fix up the storefronts, the whole look of the town. People won't just be coming here to gamble. The casinos are just the catalyst to produce growth. But we've got to clean up the rest of the act. There's been a rip-off town mentality that's been rampant here."

Playboy has run into more serious local problems than that. After it spent hundreds of thousands coming up with plans for its site in front of Convention Hall, it was notified by the FAA that the building would be too high, that it would be in the flight path of planes going to Bader Field, the small commuter air strip just at the edge of town. So Playboy came up with Plan B, lowering the main building from 435 to 385 feet. And now, backed largely by German money, it sits and waits.

"We're a political football between Atlantic City and the FAA," Goldsmith says. "Things just keep coming out of the woodwork. It seems that we're never at the end of the tunnel."

And don't be surprised if the end of the tunnel is a Playboy pull-out.



Gary Shenfeld

Love for sale, South

The ladies of the evening of Atlantic City are young and dirty and desperate and cheap. Things get so rough on the cruising streets of Atlantic City—mainly Atlantic and Pacific Avenues—that the girls walk up to men strolling with their wives or their dates. The girls, mostly $10 and $20 freelancers, curl up to the man and curse out the woman.

But the sex business will certainly improve in Atlantic City with casino gambling. The hookers will probably move off the streets and into the bars and the hotels. Local businessmen and the Casino Control Commission will insist on that. Prices will go up and girls—and male hustlers—will converge on the city.

Some of Police Chief William tenBrink's men went out to Vegas to see how that town deals with the "pros" problem. But the trip wasn't much help. Said one cop, "It's an open city. They are everywhere. It's easier to get a girl than to buy a bottle of aspirin." Most agree that Atlantic City—with its heavy state regulations—won't be able to adopt such a laissez-faire policy towards the hookers and the other sex-related businesses. "Whatever illegality is done," mused one native, "will have to be done with a level of taste."

The Atlantic City Police Department's Special Investigative Bureau—a fancy name for vice squad—headed by Detective Al Salvatore, is still studying the situation. No plans yet. They will probably defer to the State Police and the Bureau of Alcoholic Beverage Control to deal with the problem. Salvatore's squad presently has only nine men and there are no plans to increase it.

As for the other sex-related businesses, Atlantic City is well prepared. It has tough laws to police "escort services," massage parlors and dirty bookstores. There is only one massage parlor operating in Atlantic City, the Queen of Hearts on Tennessee Avenue. Double down.

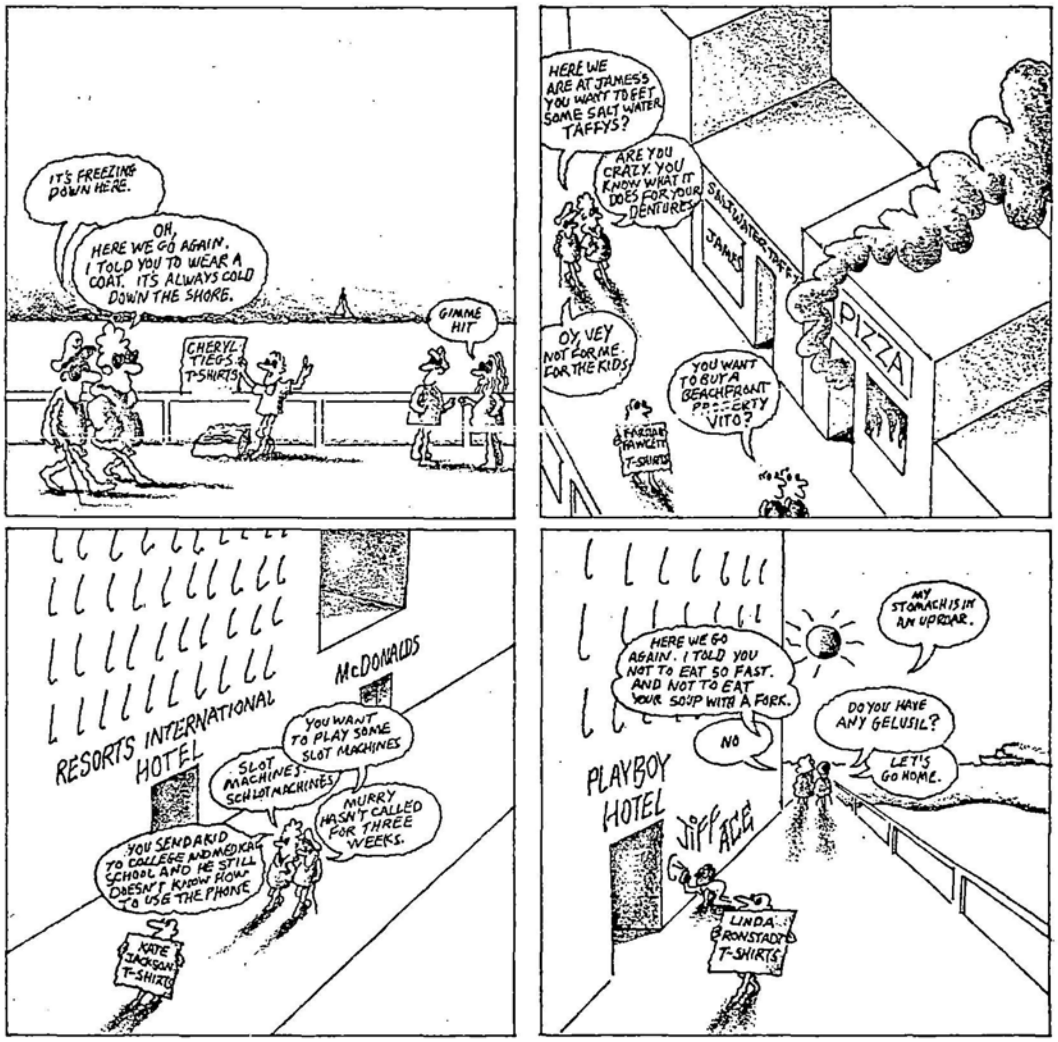
The 'd man and t... seashore

He was black and the ocean was white and the sky was gray. "You know," the old man said, stopping his wicker rolling chair in front of Convention Hall, "I've been pushing this thing for 20-some years now. And things have changed. When we used to charge 75 cents or a dollar an hour, people used to come running up to me to ask if they could sit in my chair for just a min) take a picture. I'd tell 1 okay and they'd thank me and tip me a quarter or so. Sometimes they'd give me the whole dollar.

"But now that we're up to $8 an hour, they still run to sit in the chair to take pictures. But now they don't give you nothin'. I'll tell you, this is a different place now. It just doesn't have the class it used to."

DUNESBURY

Illustrations by Phil Landry/Text by Tony Green


IT'S FREEZING DOWN HERE.
OH, HERE WE GO AGAIN. I TOLD YOU TO WEAR A COAT. IT'S ALWAYS COLD DOWN THE SHORE.
CHERYL TIEGS T-SHIRTS
GIMME HIT
HERE WE ARE AT JAMES'S YOU WANT TO GET SOME SALT WATER TAFFYS?
ARE YOU CRAZY. YOU KNOW WHAT IT DOES FOR YOUR DENTURES
SALTWATER TAFFY
JAMES
PIZZA
OY, VEY NOT FOR ME. FOR THE KIDS
YOU WANT TO BUY A BEACHFRONT PROPERTY VITO?
FARRAH FAWCETT T-SHIRTS
RESORTS INTERNATIONAL HOTEL
McDONALDS
YOU WANT TO PLAY SOME SLOT MACHINES
SLOT MACHINES. SCHLOT MACHINES
MURRY HASN'T CALLED FOR THREE WEEKS.
YOU SEND A KID TO COLLEGE AND MEDICAL SCHOOL AND HE STILL DOESN'T KNOW HOW TO USE THE PHONE
KATE JACKSON T-SHIRTS
HERE WE GO AGAIN. I TOLD YOU NOT TO EAT SO FAST. AND NOT TO EAT YOUR SOUP WITH A FORK.
MY STOMACH IS IN AN UPROAR.
DO YOU HAVE ANY GELUSIL?
NO
LET'S GO HOME.
PLAYBOY HOTEL
JIFF ACE
LINDA RONSTADT T-SHIRTS

How not to get rolled

If you win and win big, what are you going to do with your booty? A common Las Vegas practice is for a hold-up man to watch the tables for a big winner. Then he follows his target out to the parking lot and mugs him. So you'd better watch out. Chief of Police tenBrink said that casino security will be left up to the casinos. You will be advised to leave your winnings with the casino banker. And when you leave, the casino will issue you a certified check so you won't have to carry large sums of cash around. And then there's some advice from comedian Steve Martin. Who, inevitably, will be coming to Atlantic City.

"Muggers will not rob you if they think you're crazy. So whenever I have, like, $10 and I want to walk around the streets, first I wet my pants. So I get a big stain there. Then I get a baby carriage and push it down the street and put trash in it. Now, if you don't want to get that involved, the moment you think you're being robbed, throw up on your money."

10 people to get to know in Atlantic City

1. Irv Rodgers, Resorts' casino manager
2. Jack Davis's secretary, Grace
3. Sy Alter, Jack Davis's righthand man
4. Reese Palley, merchant to the rich
5. Steve Perskie, state senator
6. Resorts' credit manager
7. Billy Weinberger, Bally's troubleshooter
8. Marty Blatt, local attorney
9. Pat McGahn, Resorts' local lawyer
10. Stumpy Orman, citizen

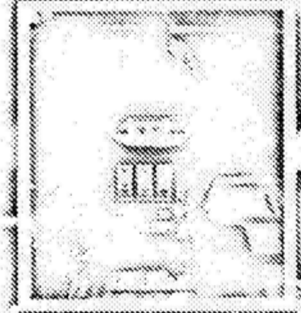
DRY RUN

The folks at Resorts International are assuming that not all of their visitors will be experienced high-rollers. In fact, they're assuming a lot of them have never even been in a casino before. And so, to help even the odds, they're offering lessons in how to beat the house.

If you happen to be staying in the hotel, you can just flip on a video tape while you're eating breakfast. The tape will show you the basics of every game played in the casino. If you're still a little shaky, you can stop off in their "try to" room adjoining the casino. They'll have professionals there who will show you how to play the games of chance. They'll even tell you what you're doing right and what you're doing wrong. Of course, they use play money. But at least you won't lose anything.

A CHIP BY ANY OTHER COLOR

[illegible]



Cashing in early

[illegible]

Everything must go

You see the signs everywhere you look: "GOING OUT OF BUSINESS." "CASINO COMING." "LOST OUR LEASE."

Susan Frudakis watched some conventioneers sifting through the "50%-off" merchandise of her Oriental rug shop on the Boardwalk, in the old Mayflower, near the Resorts hotel. Business was good but Frudakis wasn't so happy. Her father has leased the store for 20 years, and now they have to leave.

The Penthouse Corporation, the biggest land gobblers operating in Atlantic City today, bought the Mayflower Hotel and its subsidiary properties, and Frudakis's building will be chopped down to make room for Penthouse's casino-hotel complex.

The fine print in their lease says that new owners can force lessees out and this has surprised people like the Frudakis's. "We didn't foresee this," she said. "It just happened overnight."

New Casino City
LOST LEASE

Some will have a hard time finding another location. "Prices for prime Boardwalk stores have risen to about $20,000 per foot square foot," Frudakis sighed. "But I still hope we can afford to get another shop."

Boom town might mean bust for some business. The T-shirt stores, which seem to be everywhere, will eventually disappear. The rent will be too high. "What kind of operation can afford that kind of rent," mused objets d'art-dealer Reese Palley. "I'm paying the highest rent ever paid in the history of Atlantic City." Palley used to be headquartered in the Marlborough-Blenheim; he has moved to a shop fronting Resorts.

Those who have been able to hold onto their leases are looking forward to a prosperous summer. Says one souvenir stand operator, "Without gambling, this town would've taken the biggest dive you've ever seen. We let the stores get rundown.

"I feel an injustice has been done to many small businessmen. It's a shame that they're being tossed out. They should have at least been given first crack at the new stores being built. All in all, gambling will be great for this city. I hope."

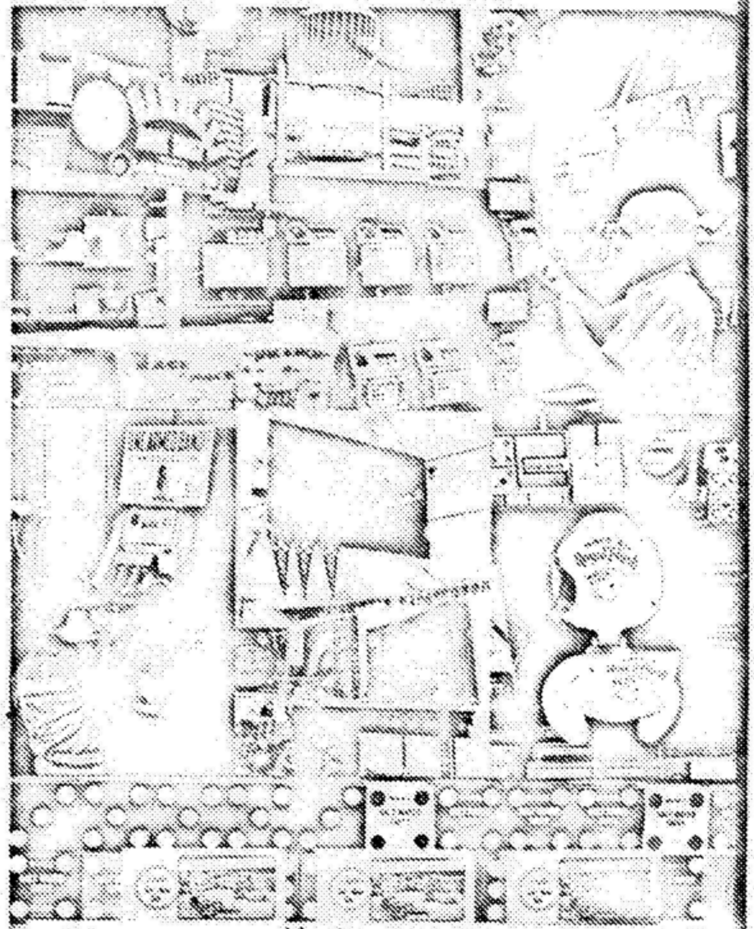
The borders of Boom town

One does not have to live or work on Absecon Island to feel the electricity. The so-called "Wetlands," the marshy motel strip along Route 30, right before you enter Atlantic City, is getting ready for the boom like almost everyplace else.

Rita Wetzel runs the Leisure Bay Motel on Route 30. "I bought this place two years ago because I took a chance, a gamble," she said.

Some gamble. Families who have always summered at Atlantic City will find things different this summer: high rates, no space. And they will be seeking out bargain places like the Leisure Bay.

Ultimately, her motel is scheduled to be replaced with a $6 million resort complex. Wetzel has good reason to be excited. "Some of us aren't thrilled about the boom. But I love to see growth. Besides, the value of my property has tripled over the past year."



Kasino kitsch

The big thing on the Boardwalk used to be the big seashells, the ones that you put up to your ear to hear the ocean. But all that's on the back shelf now, replaced by a different noise—the rolling thunder of little slot machines. You can get them in plastic for as little as two bucks, or you can spend as much as $100 to get a good scale model that really works.

The gambling gimmicks are swarming all the shops now. From green eyeshades to books on blackjack. From clocks that have dice where the numbers should be, to stickers for your toilet seat that say "Have a Royal Flush." The stuff doesn't stop.

In fact, at least one place, The Gambler's Gift Shop at 1613 Boardwalk, is selling the big stuff—everything from monogrammed chips at $40 each to a 12' × 40" craps table for $2,500. It's the perfect gift for the man who has everything but can't get into the casino to bet it.

ATLANTIC CITY

ON THE ROAD

It wasn't that hard to see gambling coming down the pike, but we're having a little trouble picturing all of you following suit. *All* of you. All at once. Backed up, bumper-to-bumper. Cars overheating. Kids running out of games to play with out-of-state license plates. So we set out to discover some diversions along the White Horse Pike that just might take your mind off the tie-ups and make the slow transition from steering wheel to roulette wheel a little more tolerable.

Something Special—133 White Horse Pike, Atco. What really makes this place tick is their stock of Hummel clocks and figurines. They also have lots of cut glass items, handmade pottery and ceramics and House of Gobel crystal. Watch the kids.

Stuff to Wear—White Horse Pike and Cherry St., Atco. Everybody needs an outlet, and this one's for Queen Casual seconds, marked-down juniors, Conn Kenny, and Booth Bay.

Renault Winery—Off Bremen Ave., Egg Harbor. Get thee to a winery for tours and free tastes, and then scoot over to the Renault Glass Museum to feast your eyes on a priceless collection of ancient champagne and wine stemware.

Farmer's Daughter—Hammonton. You can see this hot

HOT SHIRT

The scenes on the shirts in the souvenir places that dot the Boardwalk have changed a lot this year. Instead of beach scenes, they'll be showing tumbling dice, blackjack layouts, craps tables and spinning roulette wheels.

But what will be the hottest seller of the summer? We combed the boards to check that out for you. Most merchants say anything with John Travolta on it will cash in on the Saturday Night Fever *craze.*

But we found a number that'll be even hotter than that. Some wholesaling friends put us on to it. Remember the photo of model Cheryl Tiegs that appeared in both Time *and* Sports Illustrated*, the one in which she's wearing a very open-weave fishnet bathing suit? That's the one.*

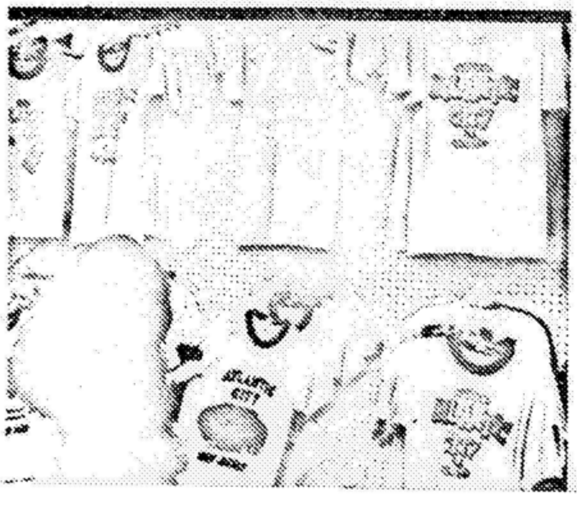
"I've got it," one nervous shop owner confided. "But please don't tell anybody else. If word gets out, they'll all have it. I've got to wait until the time is right to display it. Please don't tell a soul."

You didn't hear it here.

tomato from the pike, but you have to step inside to get a load of the beefsteaks, fresh veggies and fruits, apple cider, and all the good stuff to plant and eat.

Saturday's Child—Hammonton. It is full of wicker, ceramics, and novelties with a special selection of penny candy still selling for a penny—or two.

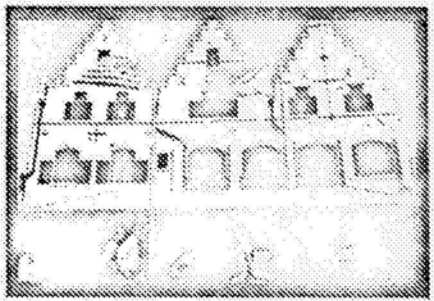
Messina Cut Glass and China Shop—Elwood. Have yourself a veritable crystal ball choosing among the Noritake and Sango china, Gorham crystal and Virginia hand-blown stem and glassware. Or you can go for the less expensive glasses that are *not* hand blown. Cutting and monogramming done right on the premises.



Eating your winnings

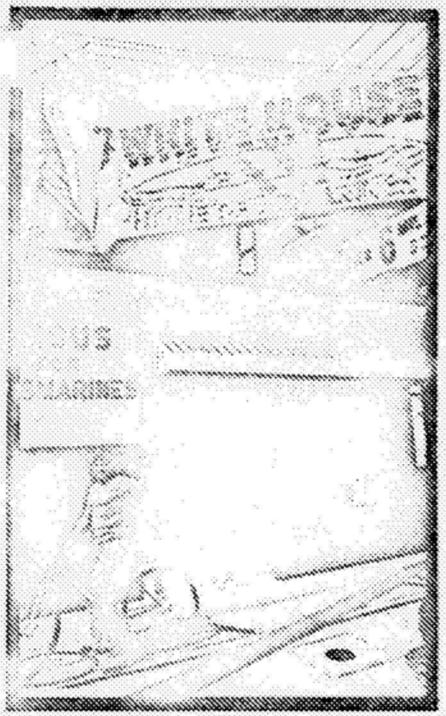
After a day at the casino, the last thing you'll want to do is gamble on a place to eat. Our sources in Atlantic City tell us there are lots of good restaurant bets. Here are a few of the odds-on favorites.

Where to eat if you hit the jackpot:
Le Palais, Resorts International Hotel, North Carolina Ave. and the Boardwalk. Just an escalator away from the gaming tables and the slots, Le Palais is the height of elegant French cuisine. Its decor and fine service are fit for royalty. Entrées priced from $9.50 to $16.50, so aim high.



Knife and Fork Inn, Atlantic and Pacific Aves. No first-class trip to Atlantic City is complete without dining at this landmark inn. Seafood, fresh vegetable and dessert specialties among the best anywhere. No credit cards accepted, so cash in your chips.
Palm Court, Howard Johnson's Regency Motel, Arkansas and Pacific Aves. Gourmet Continental menu in an elaborate setting. Worlds away from the standard Ho-Jo fare.

Where to eat if you break even:
Dock's Oyster House, 2405 Atlantic Ave. You may not be a big winner, but the seafood here is. Live lobsters and other fresh fish favorites served.
Le Grand Fromage, Gordon's Alley. A charming small restaurant with French country ambience. Baked onion soup and fondues are the specialties.
Margate Fishery-Captain's Galley, 12 S. Douglas Ave., Margate. Fresh fish is the attraction here, with large portions at moderate prices. The Fishery has a take-out annex, as well.
Little John's, Tennessee and Pacific Aves. A medieval castle set in an old church, along the Atlantic City strip. English pub fare, later a lively nightspot.



Where to eat if you crap out:
White House Sub Shop, 2301 Arctic Ave. It's cheap and it's good. A sure bet for hoagies and steaks. (The next best thing to South Philly's Raggazinos').
Tony's Baltimore Grille, 2800 Atlantic Ave. Pizza, pasta and popular prices are the attractions. But go early, the lines will be getting longer.
Lambert's Ice Cream Parlor, 3816 Ventnor Ave. Drown your losses in a decadent ice cream concoction: a jackpot of fruits, nuts, syrups and rich ice cream.
Lou's, 5011 Ventnor Ave., Ventnor. For a corned beef special to a seafood dinner and everything in between. It's always a full house.
McDonalds, the Boardwalk at Virginia Ave. Ronald has a place close to Resorts' casino. After a long night of losing, a Big Mac might be a good idea.
Olga's Diner, Route 70 and 73, Marlton. If Lady Luck wasn't in your favor, you may want to get out of Atlantic City in a hurry. Try the Boston cream pie or the cheesecake.

—M.P.

For art's sake

Beverly Sills isn't booked to appear in concert in Atlantic City next season. Neither is Laurence Olivier. But they could be, if a small band of ardent culture vultures succeed in an eight-year drive to put a high-brow performing arts center off the beach.

The scent of show biz is already perfuming the salt air. Resorts International is talking about Frank, Sammy, Steve and Eydie as if it were putting together a dinner party instead of a nightclub line-up. It's already purchased the rights to the "Ziegfeld Follies" name and has been pruning long-stemmed beauties to strut in the projected extravaganza. But that's entertainment. It ain't culture.

Culture is what makes people run to the Academy of Music and the marquee-lit streets bisecting Broadway. In 1970 a group of 20 Atlantic City residents decided they were tired of driving two or three hours to catch a play or a concert. Instead of dragging themselves to the action they wanted to bring a piece of the action back home. They formed a committee called the Atlantic Performing Arts Center and set about finding a place to house it.

APAC had two goals. The city was declining economically and socially, and it was felt importing a series of first-class attractions was one way to stem the tide. Everybody agreed it couldn't hurt. The problem was the second goal: getting a proper hall to accommodate ballet, symphony, opera and theater.

There was the possibility of remodeling the ballroom at Convention Hall but it was

continued on page 220

RUMORS

The following items were all overheard in Atlantic City. Some of them might be true;

Frank Sinatra is buying two floors of the condominium at 9600 Atlantic Avenue....Vegas' MGM Grand wants to do away with the airplanes and build a casino-hotel on the Bader Field site....Allegheny Airlines, the only major ticket to the shore, will deemphasize Bader Field and fly into Pomona in the fall....Former New York Mayor John Lindsay, now representing big money interests in New York, was seen huddling with the owner of the Senator Hotel....American Airlines is planning to take over the President Hotel....The Ambassador Hotel is being dickered on by Marvin Ashner, president of the Hotel-Motel Association of Atlantic City and owner of the Sheraton-Deauville....The Ritz is now owned by A.P. Orleans....Gardner's Basin, the proposed plan to save the waterfront, has gotten nowhere thanks to a political war between Mayor Joe Lazarow and banker Jimmy Cooper....Captain Starn's has already been sold a couple of times as a casino site....Hackney's has been taken over by a major Philly financier....Sid Gathrid, former entertainment director of Caesar's in Vegas, is headed here....Gulf & Western is trying to swing a sweet deal with the Penthouse people....Playboy, even with two sets of plans, will never build here....The next mayor's race will be a bitter battle between ex-Evesham mayor Sandra Shenfeld and former freeholder Murray Raphel, of Gordon's Alley....Frank Rizzo's decision not to run for mayor of Philadelphia in 1979 has bolstered the rumor that he might take a job as chief crime fighter in Atlantic City....Lots of foreign money is floating around A.C. You might see some Levantine-looking men wearing caftans on the boardwalk this summer and the West Germans have some money in the Playboy project....The Guarantee Bank of Atlantic City has found gambling to be an amazing boost for its stock. In April of 1977 a share cost only 3½; last October it was going for 8½ and last month it was selling for 14½....Bally's Billy Weinberger has moved into a modest little condo in the Berkely. He reportedly paid $270,000 for it....It is not true that Zaberer's will be relocating on Absecon Island....Lawyers from the Summa Corporation, Howard Hughes's old company, were thinking about buying the President Hotel....You should probably wear sunglasses before walking into Casanova's. The FBI is staking the place out....The Rizzo administration is studying the impact of casino gambling and offshore drilling on the City of Philadelphia.

Seven lots yo[illegible]an park in for free (almost)

Everyone you talk to in Atlantic City says that parking is going to quickly become a near impossibility. And that the prices on what precious spaces there are will be going out of sight. Well don't tell a soul, but we've found a way to beat the system. If you park on one of the following downtown lots and go into one of the stores displaying the Atlantic City Merchants Association emblem, you'll get your parking for free with a minimum purchase of two bucks. Good luck.

1. S. New York Ave. between Atlantic and Pacific.
2. S. Carolina Ave. between Atlantic and Pacific.
3. N. Illinois Ave. between Atlantic and Arctic.
4. Cliffords, N. Tennessee and Bachrach Blvd.
5. Midtown, N. Tennessee and Bachrach Blvd.
6. Center City, 19 S. Illinois.
7. 18 S. Kentucky Ave.

Your plastic key to wonderland

In case you were worried about going to Atlantic City with a limited amount of funds, losing the money, and blowing your vacation, the folks at Guarantee Bank are trying to make it as easy as they can for you.

They've started something called "The Resort Key." Simply, it works like your Anytime Teller or George Machine back home. You stick in the card, punch up your account number, hit the withdrawal button and *voila!* you've got a whole new fortune to lose.

It takes one to know one

How will the state be able to spot cheaters at the casino tables? Easy. By teaching their own people how to cheat. Last month, squads of undercover agents who will be monitoring the gaming were being schooled in sleight-of-hand technique by some of the most successful cheaters in the world, brought in at the expense of the State Division of Gaming Enforcement. Secret classes were held in closed-off rooms at the division's headquarters in a converted furniture store in Hamilton Township. And a number of the world-class cheaters have been put on retainer by the state to instruct the agents on the latest techniques. No one is sure yet just who will be watching the cheaters who are teaching the agents to cheat, though.

HOW TO START YOUR OWN CASINO

Bet you thought it would be easy to start your own casino in Atlantic City. Wrong. It's not easy. And it's not cheap. The State of New Jersey passed what it considered one of the toughest casino control laws in the history of the world. Here are some of the things you must do before you qualify for a license. Good luck.

Step one: You must acquire a hotel with, at least, 500 rooms. The rooms must be "first class" and must be at least 325 square feet. Your hotel must have public rooms suitable for conventions and a certain amount of public space for dining, entertainment and outdoor sports, like a swimming pool. The casino facility must be completely attached. You can't have a hotel on North Carolina and a roulette wheel on Tennessee Avenue.

Step two: You must make sure that your operation is clean. All officers, members of the board, key management personnel and stockholders with more than a 5% interest must fill out a 75-page disclosure. All hotel employees, from the chambermaids to the reservationists, must fill out a seven-page version of the same form.

The disclosure forms and the background investigations have been controversial. But most agree that they are a necessary nuisance. "This is the only city that has addressed itself to the problem of organized crime," says Reese Palley, who has filled out the forms. "We are giving up our civil rights to fight organized crime. That's the price we have to pay."

Step three: The casino license, if you pass the Mafia test, will cost you $200,000 the first year and then $100,000 for the following years. Applicants will also have to pay for the cost of the background investigation which might run as much as $500,000.

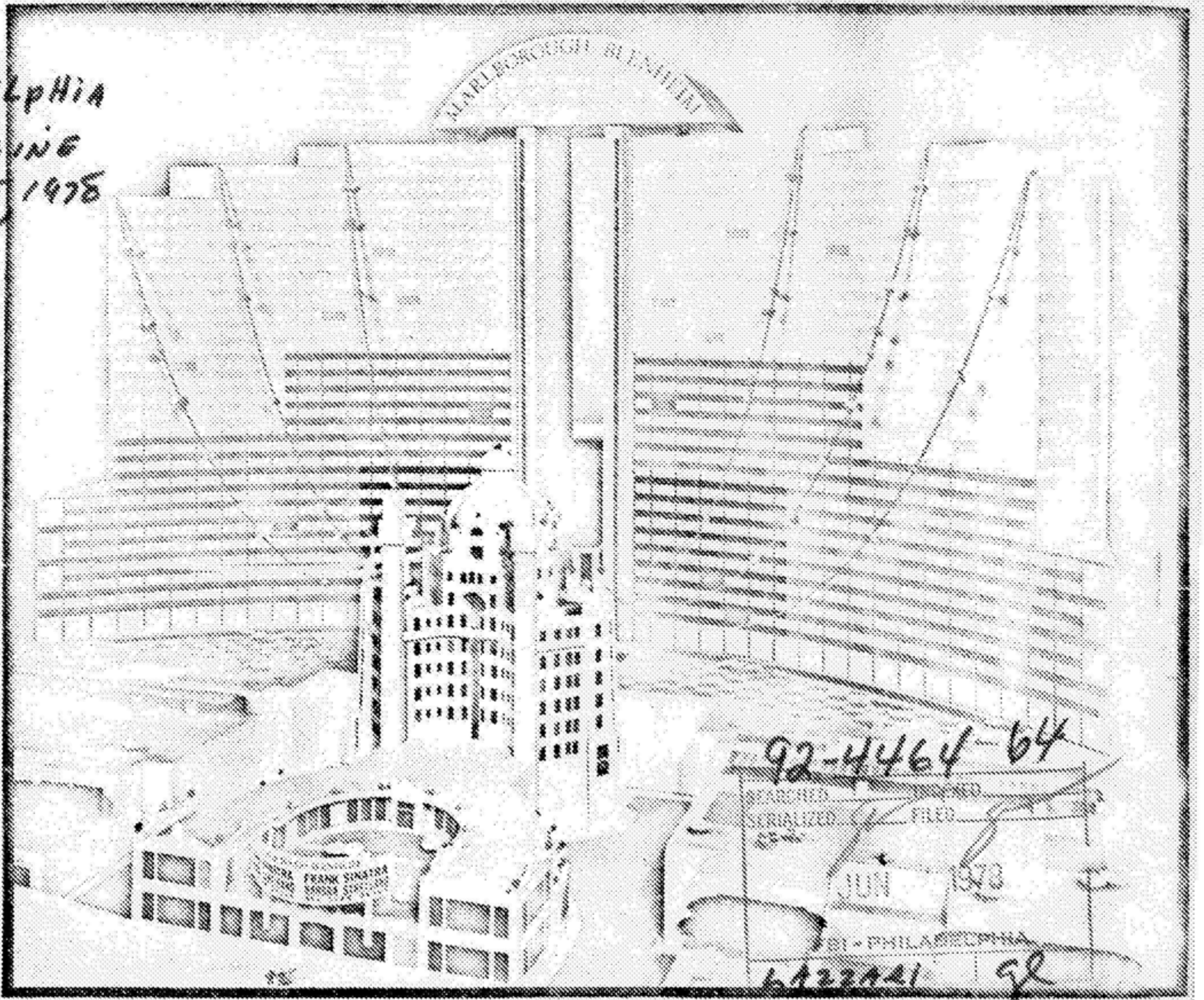
Step four: You must sign a waiver, allowing the Casino Control Commission to seek information about you from other government agencies. It also frees the state from any liability if the disclosure of any information harms you or your business in any way.

Now, deal the cards.

Architecture:
Does everything have to go?

PHILADELPHIA
MAGAZINE
JUNE, 1978

Bally Hoo: Venturi and Rauch suggest combining old with new in Bally's conversion of Marlborough-Blenheim into a casino-hotel.



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By Jim Quinn

To build a glittering new resort complex, must you erase every vestige of the past?

It was my grandmother who introduced me to nostalgia and the class nature of society, in Atlantic City, sometime in the 1940s, as I held her hand and trotted behind her, darting through the summer strollers and the big slow-moving wicker rolling chairs (each one pushed by a black man). My grandmother was what everybody then called a "red-hot Roosevelt Democrat" and the fastest walker of all the grown-ups I knew. Which was strange, because she was also the smallest of the grown-ups I knew, and I can never remember a time when I didn't come up, almost, to her shoulder.

We walked the boards every night of her vacation, and whenever I got bored or breathless enough I'd find some excuse to stop—a game of skeeball, a man making fudge in a window in a big brass tub, or the saltwater taffy machine stretching and pulling and cutting and wrapping the taffy right in front of your eyes. This particular time, I looked up at the ladies sitting on the Blenheim portico above the stores that sold Mah-Jongg sets and panama hats and seersucker suits and postcards and diamonds and said, "Who are they, Mom-Mom? And how come *they* don't walk the boards?"

"They're the people with money," said my grandmother, not actually shaking her fist at them. "They live in the big houses during the year and in the big hotels in the summer. And they don't have anything better to do than sit and watch the water."

Above us, a row of white-haired ladies watched the sea. They all wore white straw hats that flapped noiselessly and long dark dresses with little flowers on them that hung down almost to their ankles and rustled and fluttered

FAT'S NO FUN!

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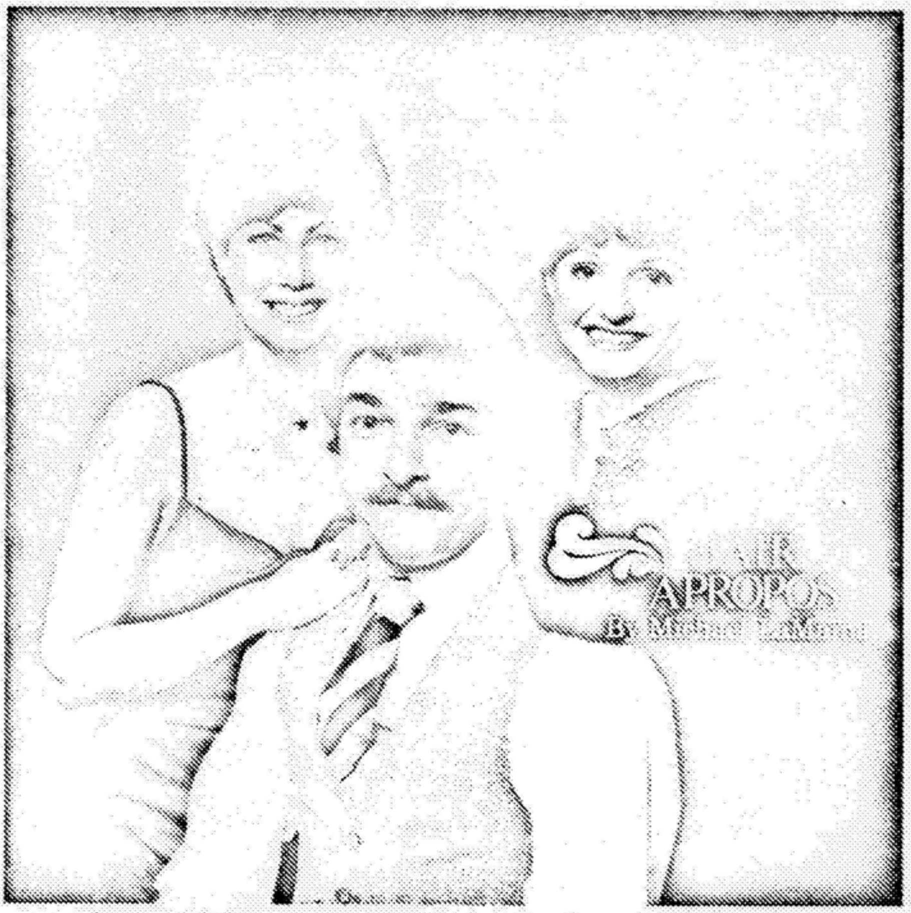


On Bethlehem Pike, Springhouse, Penna., (646-1995)

in the soft ocean breeze.

"When we sit down, we sit in the pavilions and watch the people. But they seem to think they're too good for the rest of us. Well," said my grandmother with a sigh, "let them alone. Look at this beautiful old hotel."

Nobody ever told me a building was beautiful before.

"Look how the paint is peeling, and they let in stores now you would never see before. It's terrible, since the war. Nothing is the way it was." She looked up at the white-haired ladies and smiled. "Poor things. Maybe they're remembering the way it was when I was a little girl, not a bit older than you. Then, money *meant* something."

Now that gambling has come to Atlantic City, of course money is starting to mean something again. And what money means is the final destruction of what money used to mean. For years, the Marlborough-Blenheim has sunk steadily into more and more apparent disrepair, the wedding cake Moorish minarets flaking and peeling under successive coats of successively drearier paint jobs. Now, the complex has been bought by Bally, the pinball machine company that denies any connection with the Mafia—and it will be torn down to make way for a 39-story hotel in an octagonal tower flanked by an 80,000-square-foot casino. The whole structure is so big it will require demolishing not only the Blenheim, but also the Dennis (which looks like a French chateau with an extra thousand windows) and the Marlborough (built in a style called Queen Anne—which always reminded me of a witch's castle).

Atlantic City, which has put up with every other indignity time or history or the changing class structure of society has to offer—is about to be urban renewed.

There are several people who are trying to make sure that urban renewal doesn't mean the *complete* destruction of every existing structure—among them two architectural firms in Philadelphia, Friday Architects and Venturi and Rauch.

I sit with David Slovic of Friday Architects and turn over the pages of two fat looseleaf binders that hold his collection of Atlantic City postcards. The ones made for busy vacationers with little circles you can check:

Dear
○ Mom
○ Son
○ Wife
○ Hubby
○ Pal
○ Boss

Having a wonderful
○ time
○ affair
Wish you were
○ here
○ a better cook
○ in H——!

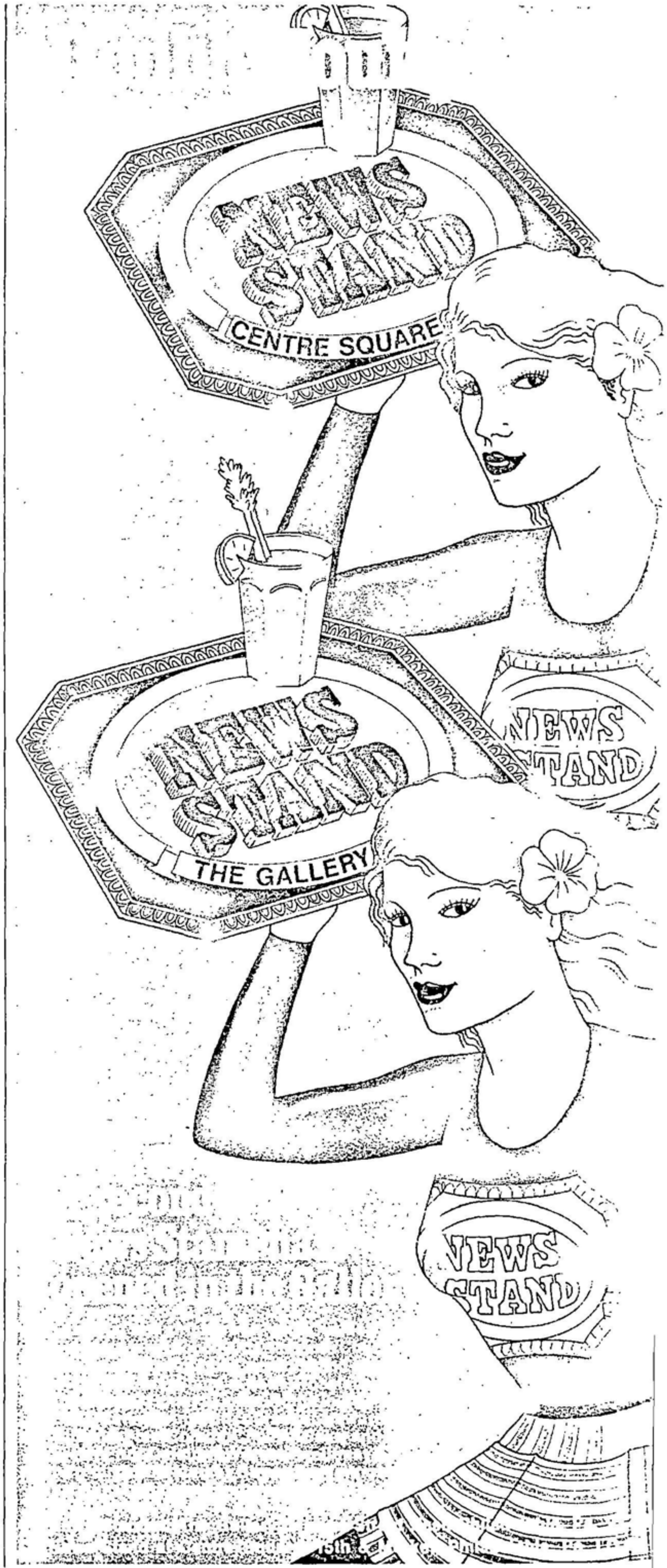
The ones with little lines of people in

white straw hats or boaters riding in rolling chairs (each one pushed by a black man). The ones with bathing beauties. With a view of Steel Pier as it was in 1910, hand-colored to look like a fairy castle. Slovic is a recent convert to Atlantic City—he grew up in Chicago, but has spent his last few summers there.

"Well," he says, "it's a town that's been just . . . let go. You know, you move into a summer apartment in a small building and you find the closets full of Depression Glassware and old ashtrays—things that are very valuable today, that nobody in Atlantic City cares about. Things like a big chrome living room set from the '40s. It's as if they don't know what they have, or think anything old has any value. And maybe, in its way, that's a good attitude. All you care about—all anybody down there asks is, 'Are you having a good season?' Everything else is unimportant. You have to have a Good Season. Around the turn of the century what got you a Good Season was sand sculpture and Moorish arches. Now, it's gambling. And they feel they just have to give people what they want.

"What we proposed doing was going in and photographing what Atlantic City already has. We wanted to produce an endless photo of the Boardwalk—a connected series of photographs all corrected for perspective, taken from a constant distance, so you can see the whole environment, like the West Coast artist Ed Rucha did for Sunset Boulevard in Hollywood. It would have been printed in five-foot sections, ten inches high—just so you could see what sort of things are actually there. We also wanted to have a historian, Bill Hersey from the Victorian Society, just walk the streets between Virginia and Iowa, out to Pacific, and pick out structures of historic interest that we could also photograph. We didn't say anything about *preserving* any of the building—we knew we just wouldn't be able to do that. But we wanted Atlantic City to have a record. The New Jersey Department of Environmental Protection was really excited about it—they saw our first proposal, objected because they thought it was a little too expensive, so we revised it. . . . Then it got to be November, and I finally called. We were told that word had come down that anything that smacked at all of preservation in Atlantic City would have very low priority. They're so frightened that anything is going to get in the way of the casinos."

THE BLENHEIM IS scheduled for destruction—but it may yet be saved. First of all, it is on the National Reg-



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ister of Historic Places. The designer, William Price, of the Philadelphia firm of Price and McLanahan, also built the Traymore (demolished in 1972) and ornate little masterpieces like the Jacob Reed store at 1424 Chestnut Street in Philadelphia. The Blenheim is one of the first buildings to use reinforced concrete in its construction—and though it would pale beside the Traymore if the Traymore were still around, it is a nifty example of turn of the century Beaux Arts fluff.

The firm of Venturi and Rauch has come up with a way of saving the Blenheim, which is the illustration to this article. Actually the only thing saved is the hotel's gorgeous dome and pavilion—everything else is to be torn down. In the Venturi plan the new hotel rising behind the dome would repeat elements of the Blenheim itself—a central air shaft, the dome top which will be both a sign and a three-story restaurant—and it would frame the old hotel and decorate it with big streamers stretching from the roof to the dome. As Venturi envisions it, the new Bally would be a gorgeous and joyful building—full of fun, and looking like it is worth every cent of what it is going to cost. Except that it may not be built at all.

Ironically, most people know the firm of Venturi and Rauch through the book, *Learning from Las Vegas*, written by Venturi and his wife, Denise Scott Brown. In the most revolutionary architectural statement since the founding of the Bauhaus in Germany in the '20s, Venturi and Brown defended the big neon-laden casinos against the charge that they are merely agglutinations of the world's worst taste. The casinos have their own logic, and their own style, and are in their own way quite beautiful.

It seems doubly hard that the style and the logic and the aesthetic should be turned against the very people who were the first to defend it.

"The problem here is that the people coming in to put up casinos are coming from places like Vegas or Puerto Rico," says Steve Izenour, an architect with Venturi and Rauch, "where all you have is sand. The context is desert. Caesar's Palace is across the street from the Flamingo and next door to the Dunes, and the only problem is how many gas stations there are in between. And listen, we have praised that kind of work in its context; it's quite sophisticated and sensible about what it is. But here are all these Vegas guys coming in to Atlantic City and they have to come to grips with an *existing* urban context—a city with a tradition of architectural responses to natural situations. . . . The seashore and the

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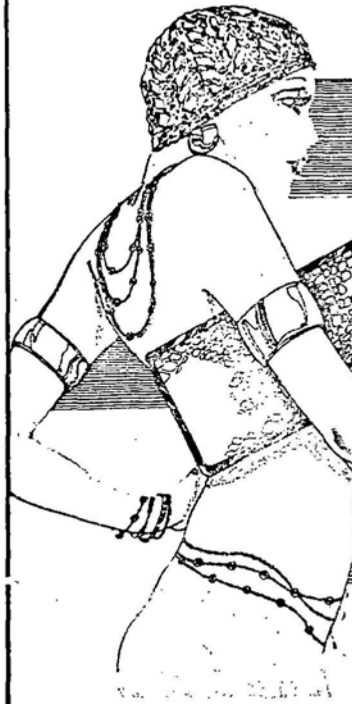

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Boardwalk are very strong givens. But most of the developers want to just ignore this and throw up big mirror glass towers that are just going to reflect the heat back and forth between each other. Now, we know that keeping or not keeping buildings depends on economic considerations—and part of the problem here is giving these guys enough concessions so that it's financially worth their while not to tear down historic buildings. George Thomas, from Philadelphia, is an architectural historian who led the fight to make sure that builders couldn't get tax write-offs for destroying historic buildings. You know, the way things were; we were having great old buildings destroyed, and paying to have it done with our tax money. So there is a tax break only if part of the Blenheim is saved. But there's also the emotional problem—the kind of client who sees everything old as, by definition, tainted. They think Americans only like what's new. You know, the newest casino in Las Vegas is the MGM Grand, but it's built in the style of the classic old '30s and '40s movie hotel sets. That's a version of the old. But it's a Hollywood version. And it's new-old. Not only instant history, but instant reproduction of instant history.

"You and I look at the Blenheim and see what could be made of it. *They* look at it and see it's shoddy. It's like the difference between looking at Atlantic City in the postcards from the '20s and '30s, and looking at it now; when to be polite, it has definitely faded. Bally keeps saying they want their building to be 'first class'—and first class means brand new. Now, we are not insisting that they change nothing. We couldn't. Somehow, by accident or design, the casino law was written in such a way that it makes bringing these old hotels up to code—with air conditioning, with increased room size—almost impossible. And economically not feasible. The dyed-in-the-wool preservationist wants to keep everything down to the last nail—we're not saying that's any more rational than tearing it all down. But once you say you don't want to restore every shingle, and you don't want to level every trace of the past, there's a wide area for you to play in. And we know that Atlantic City will never be the way it was."

All my life, I tell Steve Izenour, people have been telling me that Atlantic City is not the way it was. So I don't see why it should necessarily start now.

"But even if you can't restore the past completely. I mean, it will never be Williamsburg. We can't all get costumed up and go down the shore and pretend it's 1919—because there will still be people there in shorts and funny T-shirts and all the rest. But there is a character in older buildings you can play off. These guys know that. In Vegas each casino acquires its clientele and its character and image—from what these guys do very well, creating instant Rome or instant MGM Musical. With a little time, and a little concern, you can do the same thing—and be just as profit-oriented and just as economically sound—keeping some of the flavor of the old Boardwalk."

Sounds sensible, I say.

"And unlikely," says Steve Izenour.

IT DOES SEEM UNLIKELY. But restoration does make commercial good sense: Cape May, a tawdry and run-down little resort a few years ago, was the first Jersey resort to be the target of preservationists. For years, they fought the City Fathers who wanted to tear down the Victorian gingerbread and put up glass-front motels. And for years the City Fathers grumbled and resisted: until the tourists trade picked up, and federal and state money came in to help in the restorations. Now that the entire city of Cape May is listed as an historic landmark, the City Fathers are determined to preserve and restore everything in sight, and the seasons are not only good—they're better than ever.

The newest casino in Nevada is the MGM, but it's built in the classic old '30s style.

But Cape May has it easy. It's easy for people to see the value in gingerbread mansions, and hard to remember why we secretly always liked those turn-of-the-century Moorish masterpieces like the Blenheim. For most of us, preservation means preserving something colonial or Victorian—anything later than that isn't really old, it's just worn-out and ugly.

So that must be why commercial nostalgia is nostalgia for pasts we never really had: teenagers nostalgic for Ginger Rogers movies made before they were born, subteens nostalgic for '50s TV shows. . . . It's nice to think of the old days, especially if you don't have any real memories to mix up with them.

Like my grandmother's real memories mixing up Roosevelt speeches about the malefactors of great wealth with the frail old ladies floating above us on the portico of the Blenheim and the peeling paint on the elegant old cement arches. Like my memories, mixing all that up with new coats of peeling paint and the automatic fudge maker that stirs and stirs and makes nothing at all in the shop windows and the same old skeeball games with the same old prizes for 20,000 points that nobody ever saved up enough tickets to win. Like your own memories of the Boardwalk.

"Still the best way to see it," says David Slovic, "is to go up on the revolving tower out on the end of one of the piers, I forget which one. It goes around and around, you go up and up with all the old ladies and men and little kids and spin around slowly so nobody gets sick, and see the whole Board-

How to rescue the Blenheim

"Atlantic City has two problems," says architectural historian George Thomas. "First of all, they've got a city planner who is making no effort to incorporate any of the historical buildings into the master plan. That's going to jeopardize federal funds, because you can't use federal money any more to demolish historic buildings. And it's going to hurt the casino operators themselves because you can't tear down buildings that are on the National Historic Register without serious tax penalties.

"During the 1950s the government gave you all these tax breaks to encourage new construction and then, with the 1976 tax act, it turned around and said wait a minute, old buildings are important, too, and we don't want you destroying historic landmarks or you'll pay for it. That's first.

"Second is that Atlantic City has several major geographic drawbacks. First of all, the climate sucks. In the winter it's cold and damp, in the summer it's hot and humid. You got maybe one or two months in the spring and fall when it's actually pleasant to be there. Anytime in the winter, if you want to go away to gamble—where'd you rather go, Miami Beach or Atlantic City? And anytime during the year, you'd rather go to Las Vegas. Besides the climate, Atlantic City has no economic filters to keep the hoi polloi away. When you sit at a table and gamble away a couple thousand dollars you don't want to be sitting beside Joe Smith from Philadelphia all dressed up in his rat-stabber shoes.

"Except—one of the few things Atlantic City has over Miami and Las Vegas is a core of historic buildings. There's a row of those hotels—the Claridge by McIlvane and Roberts, the Marlborough and Blenheim by Price and McLanahan, the Dennis by Walter Smedley, the Shelburne by Warren and Whitmore, the firm that designed Grand Central Station in New York. These were the biggies of the day.

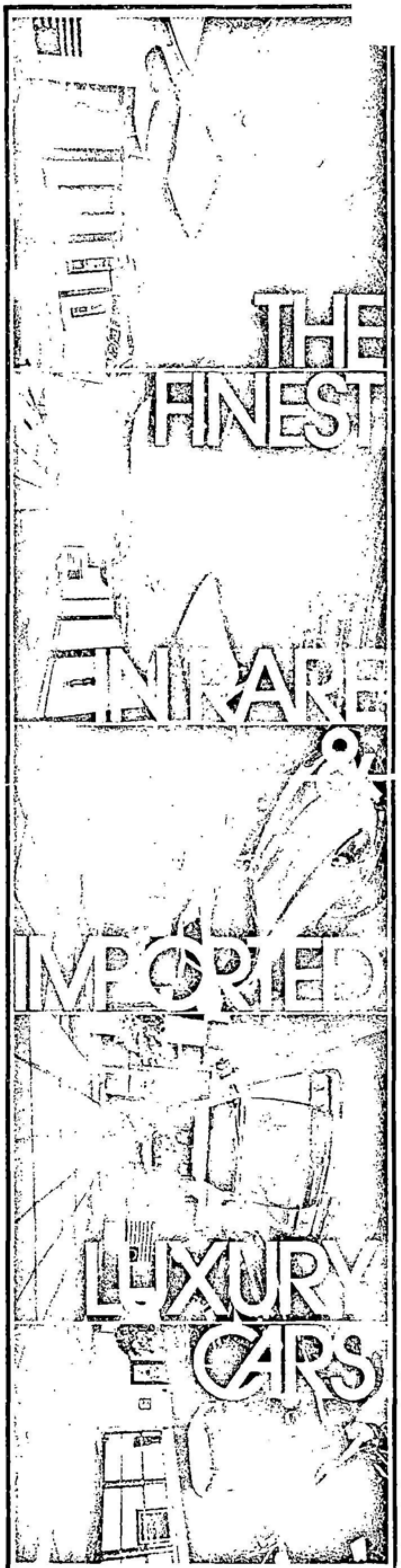
"And the Blenheim is the biggest of them all. William Price is this architect from a quiet Philadelphia Quaker background—by all rights he should have ended up doing a lot of dull stupid, boring old Quaker buildings—just like all the other ones you see all around Philadelphia. But he didn't; he started with a dull Philadelphia firm but by 1890 split off for himself and began doing buildings of considerable imagination. One of the best is the Father Divine mansion on the Main Line, which he built for Alan Wood of Alan Wood Steel, a huge French Gothic pile—really just grotesque. Then by 1900, he began being interested in a new structural material—reinforced concrete. And about the same time he got interested in a group of social reformers—including the Fels family—Quakers who wanted to build a community that would exclude no one. So he designed the community at Rose Valley, really patterned after the socialist community described by William Morris in News from Nowhere. *That's when he began using tile—the handmade Mercer tile manufactured in this area—as decoration. And he began theorizing that buildings should be a realistic representation of where they are and what they're for.*

"You don't see this too much in the exterior of the Marlborough—but inside in the entrance is this huge painting by George Harding of the Brandywine School—showing a man being fleeced by three gamblers, and over it is this chaste little strip with the inscription: 'I was a stranger and you took me in.'

"I don't think they'll want to keep that in the new casino, no matter what plan they use. But in 1905 he began building the Blenheim, of reinforced concrete—Louis Kahn and all those moderns were interested in the Blenheim because you can see the construction. You can see the bony ribbing of the frame—reinforced concrete supports and the floor slabs, and over that he laid a skin of concrete and in it he stuck more of this tile, working out a whole new style of decoration.

"Ruskin, which is where he got all the stuff about being true to materials that makes him seem so modern, said 'God's decoration is flowers.' That's why if you go down to the Academy of Fine Arts that Frank Furness designed—there's flowers all over the place. Furness figured, if flowers are God's decoration—I'll give you flowers. And just went berserk with it. Price carries that idea a step farther—if flowers are God's decoration inland, what's God's decoration at the seashore? Why shells, and lobsters, and fish—so he commissioned an artist named John Maene to do these big terra-cotta panels that go roaring up the side of the towers—huge crabs and stuff, really very funny.

"When Price was building the Blenheim—this is an apocryphal story that the family tells, people were shocked—somebody came running up to say it was the most vulgar building he'd ever seen. And Price answered him by saying: 'A lot of vulgar people come here.' One of the things he certainly said, that he put in his book, is when someone asked him what he was trying to do, he said he was trying to capture the spirit of Atlantic City in 1906. When it was one of the showcases of the nation. So the building is like this huge commercial billboard from the front—which is why Venturi loves it, the whole thing is a sort of major highway sign. And, now that the Traymore is gone, it is certainly the most recognizable building on



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walk. Tell everybody to do that, so they can see it before it changes completely."

So that's what I'm telling you. I forget which pier the revolving tower is on, too. But I remember when it was being built—not the year, of course, just the feeling. ■■

the Boardwalk. The rotunda room inside has this great cast concrete ceiling—with no attempt to disguise the fact that it's concrete—that's the first time anybody ever did anything like that. George Howe, the architect who built PSFS, which everybody admires as a landmark building, said that Price and Louis Sullivan and Frank Lloyd Wright were the three greatest architects that America had produced. That's pretty good company. Only Price is forgotten today because he had the misfortune to die in his 50s, instead of living into his 90s like Wright—so he could keep the legend alive. And he had the misfortune to be working in a style that was the direct opposite of the Modern style of the '20s in Europe. So when you read reviews of the Traymore or the Blenheim in the 1950s, you find people who couldn't understand, couldn't even believe what they saw. Not exactly mental tunnel vision, more like stunting of the brain. Price believed you were supposed to build something that would satisfy the owner and be useful; Wright believed you were supposed to express yourself—you know, The Fountainhead, *one of the funniest books I ever read. So you get these modern buildings that are great to look at. Out at Bryn Mawr where I teach, there's a dormitory by Louis Kahn—architecture students are taking tours of it all the time, looking around with wet eyes . . . and then the girls come out and say, 'This is the worst dormitory I've ever been in.' Price thought you had to have buildings that worked.*

"The hard thing about trying to save the Blenheim, though, is that Atlantic City with its new code for casino hotel rooms almost guarantees that you have to tear down the old buildings. For example, rooms have to be 15 x 20, that's 300 square feet, a huge hotel room—most of the rooms in historic hotels are 14 x 16, 12 x 14. What they should do, I think, is set up a historic district—announce that this is going to be kept as a reminder of what Atlantic City was like in the early 1900s—and give the big casinos, maybe two or three of them, a chance to bid on the string of old hotels, and run them outside the code. You know what the code is for, it's to guarantee a lot of new building, and it's understandable that the City Fathers would want that. And you know what America is like, people like to go to Howard Johnson's and the places they know. But Americans are getting more sophisticated—that's the whole point of the conversion of the Bellevue into the Fairmont. There are more and more Americans who want to go to a great old hotel, get great old service and great old furnishings—so you're not in this plastic ticky-tacky world any more. That's the kind of thinking that would save the Blenheim." —I.Q.

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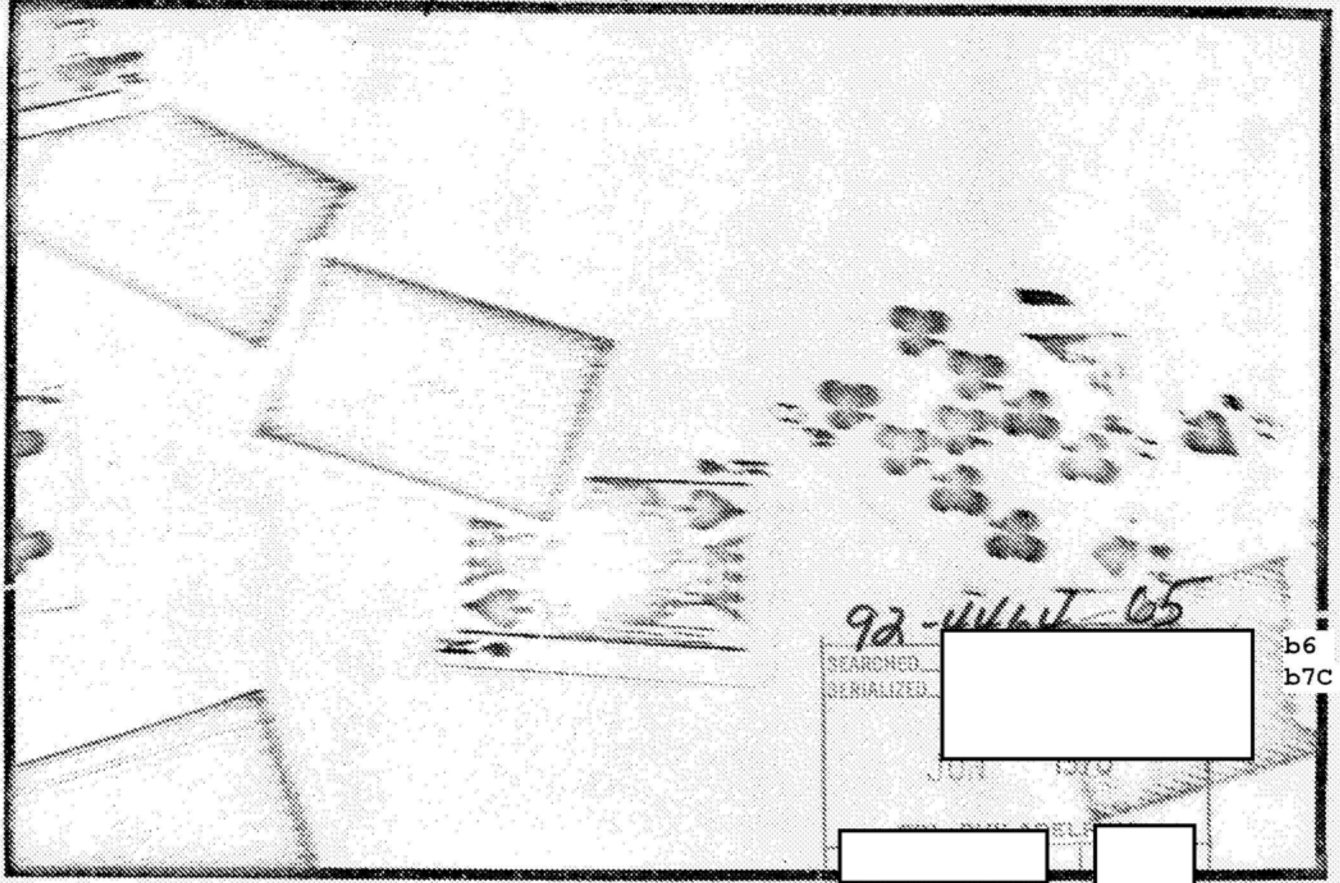

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By Joseph Avenick

A professional gambler shortens the odds by enrolling in Resorts' school for dealers.

I hadn't heard from Shallow Toes in almost three years. It was a surprise when he called back in January.

"Yeah, I'm still in Lake Tahoe, Duke," he told me, his voice slightly weathered, more mature. "But I'm coming to Jersey. Resorts International is opening up a casino in Atlantic City. They bought the Chalfonte-Haddon Hall."

Shallow Toes was a dealer when I'd met him, then became a pit boss—one who oversees a group of casino dealers—for a while. He still possessed his penchant for a fast buck.

"Why don't you put in an application for the dealers school that's starting soon," he boomed into the phone. "The rules say you've got to go to a Jersey school to work in Atlantic City, even if you have experience dealing somewhere else. You're from Jersey, you qualify. I might be one of the teachers at the school. Later on we can maybe do some business together."

To Shallow Toes, "doing some business" might have meant cheating the house. I was sure I didn't want to get into that. But it wouldn't hurt, in view of my standing as a professional gambler, to get a first hand line on how Resorts International would operate Jersey's first casino.

"You know, Duke, because of equal opportunity and all that, Resorts is going to have to hire a lot of niggers, spics and broads. Tell 'em you're half Puerto Rican; nobody'll know."

I'd been a blackjack card counter since my cousin Frank and my uncle John gave me lesson number one in the early '50s. I was only an eight-year-old kid on Snyder Avenue, but I knew when to hit, when to stand pat. Even though I still have a preference for horses, having bet on them successfully and written about them prolifically, I had all intentions of counting cards when the blackjack tables arrived in Atlantic City. So the school sounded good; it had to be an advantage, knowing how a dealer thinks. But a dirty-blond Puerto Rican?

The newspaper accounts set the odds. The state of New Jersey would require the student body at the Resorts International dealers school to consist of 43% female and 20% black and Spanish. The odds for admission on Joseph Francis Avenick, a name reeking of male Caucasian Catholicism, would be slightly worse than Damon Runyan's estimate of life—six-to-five against.

* * *

"Hi," I'm Jackie Jorgensen, the slim, well-dressed interviewer told me, "did you have trouble digging out of the snow?"

Pre-screening interviews, as they

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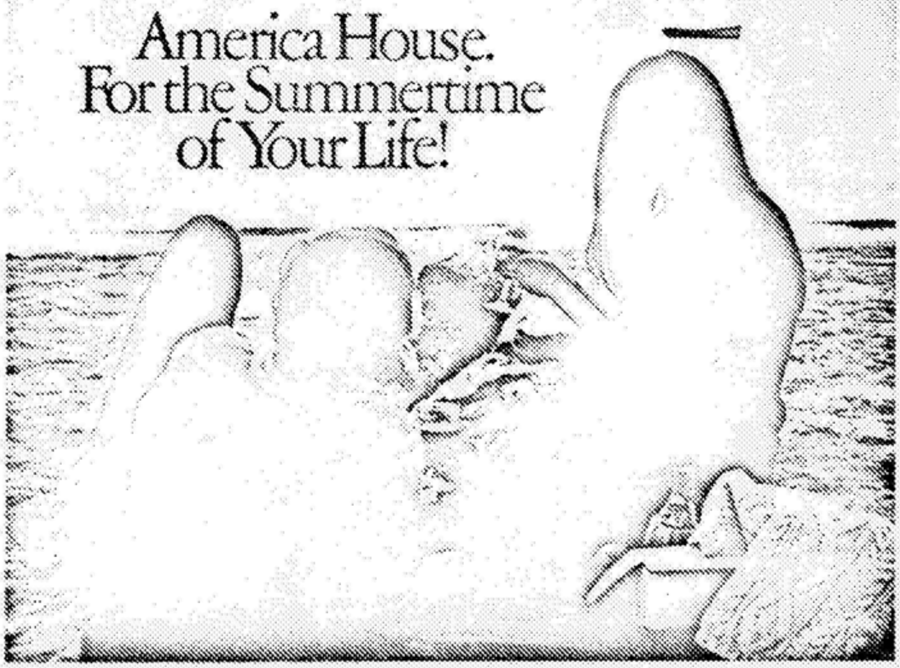

were called, took place throughout New Jersey this past February. Mine was at the Mt. Laurel Hilton and, one day after the Blizzard of '78, drew over 100 aspiring croupiers: longhairs, students in jeans, junior execs in gray suits, young, old, and moms with kids waiting in the lobby.

"I see that you are J. Francisco Avenick," Ms. Jorgensen observed from the employment application I'd completed. "Are you claiming minority preference?"

"I want to be hired on my ability, ma'am," I parried. "The fact that my mother was born in San Juan and the fact that I speak Spanish should have nothing to do with it."

"Of course," Jorgensen concurred, businesslike, as she continued to take notes. "Tell me, Francisco, why do you want to be a dealer?"

Shallow Toes had briefed me on this one.

"I like jobs where I'm not chained to a desk. I feel more comfortable when I'm standing," I told her, squirming in my chair. "I like to engage in chit-chat with people, do math in my head, and I enjoy working with my hands."

Ms. Jorgensen concluded the interview by saying that students selected for the dealers school would receive no pay while attending classes, and that the mere act of graduation would not guarantee a job with Resorts International.

OVER 3,000 prospective dealers were interviewed initially. Only 800 or so were asked back for a second interview—this one in Atlantic City. The longhairs were gone. So were the jeans wearers. Most of those who made the cut shared four characteristics—youth, good looks, more youth and more good looks. The only exceptions were the blacks and those of Spanish heritage. An uninformed observer would have to guess that the queue in front of the old Haddon Hall consisted of a group of college kids about to embark on prom night, escorted by a handful of their well-appointed chaperones. The sweeping statement that *all* the women present were good-looking may quite possibly be true. Toss aside my own ethnic and configurational preferences, take into consideration something Francis Bacon said about beauty, and maybe 2% or so would never make the cover of *Seventeen*.

My first step was to fill out yet another employment application. In charge of my interview was Tom Sutton, blond, balding and in his upper 30s, perhaps, a few years older than me.

"I'll be one of the instructors," he informed. "We're looking for people who want career positions. Tell me why you want to be a dealer."

After reeling off my reasons, I asked him about money.

"For salary we're paying minimum wage or slightly higher. Your big money will be made in tips, and since all dealers will pool their tips, we don't know how much you'll make."

I was about to ask why the salary was so low, but I knew. For two years or so Resorts International figures to be the only wheel in town. Vegas dealers make more in salary, but only because of the competition there. In Atlantic City, there is no competition.

Sutton scrutinized the application. He stopped at a question I had left blank.

"As soon as you find out your checking account number, assuming you're selected for the school, we've got to have it. Also, whenever you change banks we must know." (Casinos don't want employees siphoning off company money to numbered European accounts.) "You must also realize," Sutton continued, "that job security, as such, is tenuous. There will be no union, and we reserve the right to discharge—without notice or reason—anyone we suspect of cheating."

If my interviewer made the job sound shaky, it wasn't that way across the board. One of the other prospective students quoted his interviewer as saying: "The Boston-to-Washington corridor is the best tipping area in the country. Craps and baccarat dealers in Nevada can make more money than doctors. With luck, sixty grand in the East is no problem."

Bull. I figure that if the average dealer takes home $10,000 the first year, he'll be lucky. What the students weren't told is that would-be gamblers in this area of the country have no idea they are supposed to tip the dealers. Also, the biggest tips won't come until the biggest gamblers arrive—the guys who bet on horses and football games. To date, Atlantic City has no plans for sports or horse betting.

I'D GRADUATED from Temple University 11 years before and hadn't seen an instructor of any repute since Dean Doug Perry presented diplomas at the Journalism school luncheon. And I wasn't going to here, either. Resorts was nothing like Temple. Most of my new alma mater's 570 students were standing in line on the second floor of what was once the Chalfonte-By-The-Sea. And again they were dressed to kill. Scattered among them were working newspaper reporters looking for opening night stories (Larry McMullen, from the old neighborhood, was the

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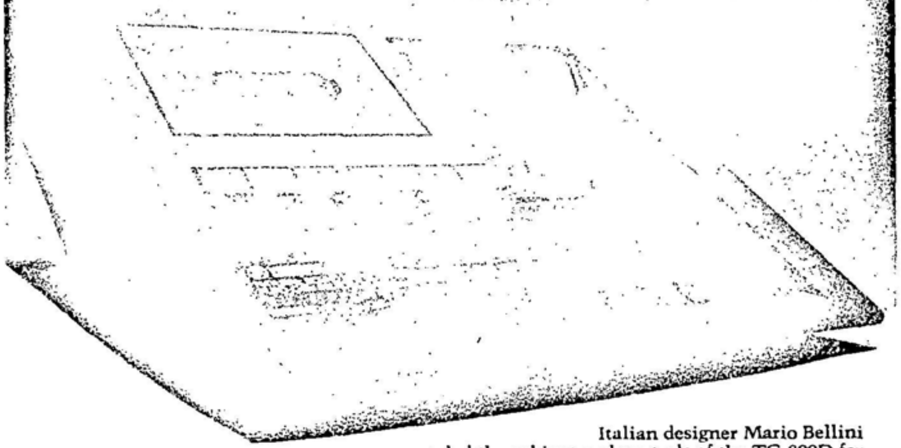

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evision camera crews. While I waited for the Resorts staff to photograph me and give me an identification badge, a young lady from the Newark *Star-Ledger* asked me if I'd mind answering a few questions.

"First, I'd like to know why you selected me?" I queried.

"Well, you look like one of the oldest people here," she said.

After the mug shots we were given 34-page questionnaires that would be filed with the New Jersey Casino Control Commission. "Fill these out as soon as possible," we were told. "We can't hire you until the state gives you a license."

Some of the state's questions included: names, addresses, phone numbers and dates of birth of all uncles and aunts, living and deceased (who remembers Uncle Stash's birthday?); license numbers of all cars owned; registration numbers of all guns owned, and four releases that must be signed and notarized—among them a waiver of liability for a background investigation and, American Civil Liberties Union take note, a waiver of search and seizure rights that read:

> **CONSENT TO INSPECTIONS, SEARCHES AND SEIZURES**
>
> I, ____________, hereby consent to all inspections, searches and seizures and the supplying of handwriting exemplars as authorized by the Casino Control Act and by the rules and regulations of the Commission.
>
> I am aware of my right secured by the Constitution of the United States and by the Constitution of the State of New Jersey not to consent to such inspections, searches and seizures and I expressly waive and forego that right.

I entertained no intentions of submitting this one. I knew I wouldn't get a license if I didn't, but that wasn't important anyway. I had no intention of graduating, and no intention of becoming a dealer, and no intention of letting them break down my door and rape my cat.

* * *

Class number two was double feature night—tuxedo measurement followed by lecture. "Thirty-six waist," the tailor screamed. "They're made to be worn at the hip."

A staff of eighteen instructors had been chosen, all former dealers with at least two years of experience. Of these 17 were white males and one, Earl Yamase, was Oriental, who, perhaps for his visibility, was chosen to give the company spiel.

"We'll be open here for classes eight hours a day from four in the afternoon until midnight. The school will run for eight weeks. We're hoping there will be little lag time between the end of school and the opening of the casino. You must, by state regulation, average at least four hours of instruction a day for eight weeks. We encourage all of you, however, to attend at least eight hours a day. We are a school. Graduates are not guaranteed jobs by Resorts International."

Later, Shallow Toes gives me the scoop. Rat psychology used here. Though students are not "required" to attend eight hours a day, enough of them do, thereby forcing the other students to do likewise, lest they fall behind in their studies to the gung-ho element.

"Encouraging competition for the company's benefit," Shallow Toes enlightens. "You see, Duke, that was probably Carr's idea. If the students are told they must be in class eight hours a day, that would be breaking Commission rules. This way it's only a suggestion."

Carr is James D. Carr, who, in partnership with fellow Resorts International employee Jack Speelman, received a $400,000 unsecured loan from the parent corporation, Resorts International, to set up Resorts Training School Inc., a separate corporation, one designed to self-destruct after graduating its first and only class.

"Two reasons behind separate corporations, Duke," Shallow Toes elaborates. "First, the students don't have to be paid. Any large corporation would pay its management trainees. This way you guys don't get a dime. Second, if the school messes up and breaks the law, so what if it's fined or loses its license? The parent company can still open the casino. The only way Resorts can get hurt is if the school breaks the law and then the state says, 'No graduates from the Resorts school can work in the casino.' " History knows, of course, that that didn't happen.

AT THE BEGINNING of the first night of actual classwork I am handed 40 white chips (also called checks) and am told to play with them all night at "the second roulette table by the window."

"Get both hands used to handling them," the instructors warn us. "You have to be fast."

Some of the recommended exercises include dropping five chips from a stack of 20, cutting 20 from a stack of 40 without looking, and speed drills at "mucking" chips—picking up a scattered pile as quickly as possible.

After several hours of performing these maneuvers while standing, I feel like I am auditioning for a part in *Cuckoo's Nest*. The only distractions are the good-looking women students. And not only distracting for me. One of the instructors, short and fiftyish, gives most of his instruction time to one par-

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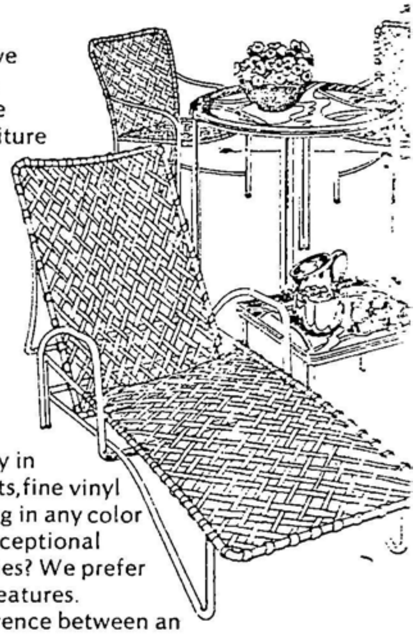

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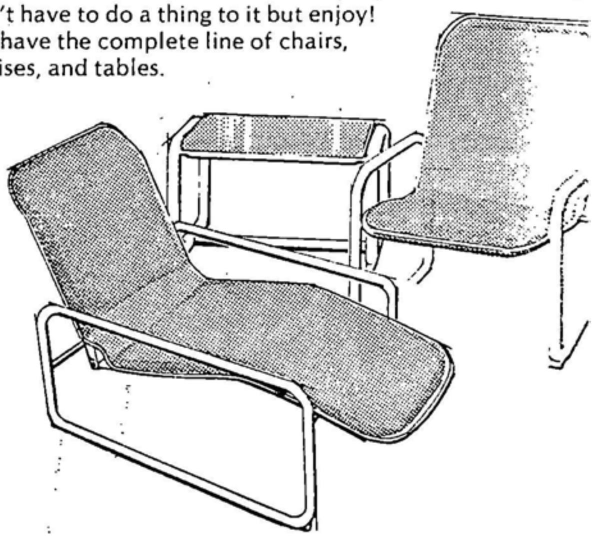

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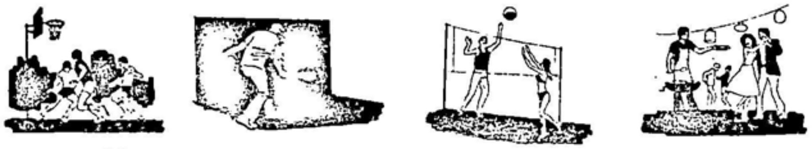

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ticular brunette and one particular blonde.

My second night features much of the same: cutting chips into piles of 1, 2, 3, 4, and 5; mucking, and then matching stacks of chips according to height. Shallow Toes tells me that in Vegas well-trained employees are valuable to a casino in more ways than one. The state taxes casino profits, and as you know, Duke, organized crime doesn't always mean black shirts and white ties. If the profits can be funneled away from the taxman, call it skimming or whatever, the employees can do it for the house. They can also do it against the house.

If two or more employees really wanted to cheat, basically, this is how it would work: if Shallow Toes is a pit boss at my table, he will allow me to pocket as "tips" what would rightfully be losing chips—or casino profits. I would get to keep one-third. Then, out of Shallow Toes' two-thirds he would kick back half to his upper management sponsor. Unless he has no sponsor, in which case he keeps all. Shallow Toes would need a lot of guts to do this. Good luck, Shallow Toes.

* * *

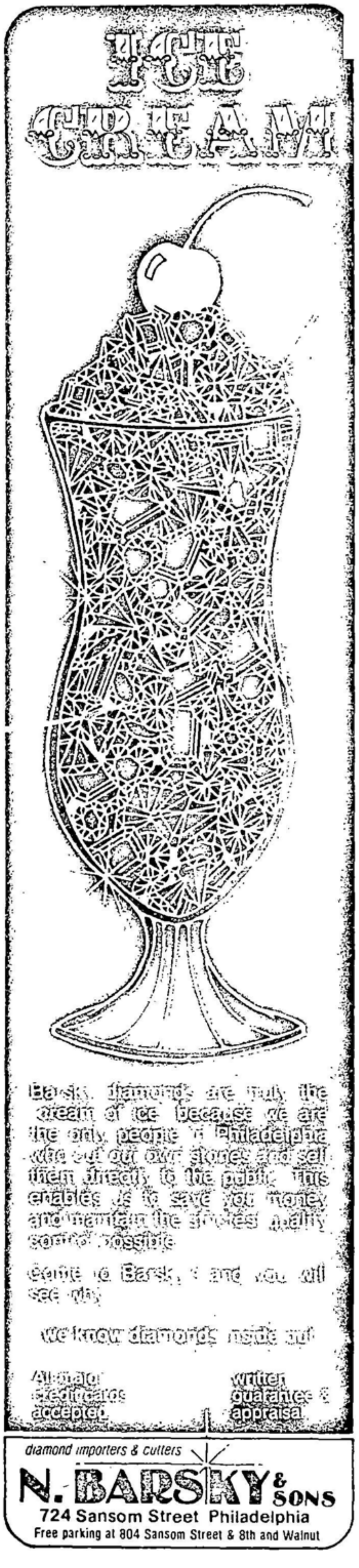
On successive evenings at the roulette tables I meet quite a few students who are graduates of the New York School of Gambling in Manhattan, which, for fees starting at about $600, will teach aspiring croupiers planning to work in Nevada.

Raul Suarez has a degree in blackjack. The Resorts instructors want him to learn roulette so he can work both games. Hilario Rivero, another with gambling school experience, is one of the quickest chip manipulators I've seen yet. Toward the end of week two he has proven, indeed, that the hand can be quicker than the eye. During coffee breaks I walk among the blackjack tables and watch the students there, mostly women, shuffling cards. None seem to have much experience. Phyllis Sluka, a petite blonde from Linwood, New Jersey, tells me she has an associate's degree in hospitality.

"Hospitality?"

"You know, it's sort of like hotel management. If I don't get a job, I'll go to Florida for my bachelor's—in hospitality."

Tom Sutton, the blackjack instructor who interviewed me earlier, and Leonard Sniegowski, a wiry, curly-haired roulette instructor, are engaging in an arm-waving conversation. They are at odds over the number of their students whom they must send over to the craps instructors. Neither of them wants to give up his own students because each knows that only half of these people will make it; the more heads they have,



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the better their chances of developing some talent. But the school knows that, too, and that's the point.

Shallow Toes clues me in. "They're short on people. Some of the kids are walking out or just not showing up anymore because they're not allowed to pick the game they want to learn. Resorts is going to accept another 150 students on Monday; they need more bodies. A lot of these people aren't going to make it, and Resorts has to find out who they are. The craps table is toughest, so they keep stealing from blackjack and roulette and putting the people through craps to weed out the losers. Look at your own situation, Duke. You asked for blackjack. You didn't get it, right?"

"Right."

Harry Sommer, a 35-year-old student with one year's experience dealing Keno in Nevada, is told by an instructor that the people like him are going to learn roulette. Sommer, attired in white shoes complemented by a paisley vest, looks as if he could maintain an even keel on any riverboat, anywhere.

"There will be no Keno offered in the Resorts casino," Sommer is informed. "The church lobby is too strong. It was because of them that the first gambling referendum didn't pass. No, Keno is too close to bingo, too similar."

Two students, a male and a female, drinking sodas during a break are observed discussing their lack of game choice.

"I wanted blackjack, but they told me craps or walk out the door," the young man laments.

"Me, too," the young woman chimes in. "I wanted baccarat, but was told that no women would be allowed to deal it."

An informational bulletin is distributed to all students. It lists names of school officers, suggested dress code for students and the oft-repeated dictum, "graduation does not guarantee a job." At the end of the bulletin, the three types of diplomas are mentioned: excellent, above average, and satisfactory. Grading will be based on instructors' estimates of student skill. Students rated unsatisfactory will not be given diplomas.

"The diploma ratings were done for a reason," Shallow Toes tells me. "After a week or so the instructors can tell who has chip handling ability. Since almost twice as many dealers were enrolled as are needed they won't all be hired. In the meantime they'll put the very good and the very bad ones on craps, especially the bad minority people. Craps is the toughest game to learn. Then they'll flunk out in disgust or get only satisfactory diplomas. Then ther[illegible]ause not to employ them. But those satisfactory diplomas could get them jobs two years from now when the next casino opens."

Shallow Toes' reasoning makes sense. In addition to some smarts, craps dealing requires certain physical attributes: height for bending over the rail and long arms for reaching certain betting squares. The small Hispanic guys and the women with big boobs who were showing up at the craps tables all sport woeful looks. One guy who can't be more than 5'4" wears a face longer than the neck on a Galliano bottle, and he has to stand on his toes all night to practice. A female student, about a 38D, has trouble getting out of her own way when she practices controlling the craps stick.

Cheating is the next day's topic. Blackjack dealers are told to inform pit bosses of anyone suspected of counting cards—that is trying to figure how many high cards are left is the "shoe," which gives them better odds for winning. They are also warned that if they, as dealers, are thought to be signaling their hole cards to players, dismissal is automatic. A blackjack dealer, working with a patron accomplice, can give that patron a huge advantage by revealing the value of his (the dealer's) down, or hole card. The player then has a better idea of whether to hit or stand pat. Common signals include eye blinking, lip movement and the most advanced—muted throat clearing, which cannot be detected by the ceiling-mounted television cameras that will focus on each employee.

Roulette dealers are told to watch for players who make four corner bets which pay eight to one. For example, a player puts a chip on the corner separating four numbers. If any of the four wins, eight to one is paid. However, if the player is quick fingered after the ball rests on one of his numbers, he slides it to a split position, requiring only a move of maybe one-half inch. The chip now rests between two numbers, one of which is the winner. The two-numbered split pays 17-1.

"Some of the players are faster with their hands than you guys," we are informed.

Craps dealers are taught to recognize players by their hands, because these dealers have their backs to the players. The dealers also warned of hand-camouflage hustlers who work in teams. When a big bettor is spotted at a craps table, one of the hustlers physically copies his betting hand. Whether it requires a pinky ring, hairy knuckles, bracelet, certain watch band or skin shading, the hustlers will try to "make" that hand. They wait until the big bettor has a sizable bet down, one that can be added to or taken away between rolls. Then one hustler will distract him. At that moment the copied hand reaches down into the craps pit and takes away a large part of the big bet. The dealer thinks nothing of it because the hand looks like the big bettor's hand.

A POSITIVE comment about the Resorts instructors would be that they are brief and to the point. No wasted words. No beards, either. At Temple I got to know the long winded instructors by their beards. Not here. One minute I'm at the roulette table; the next minute I'm told by one instructor, "You seem to be doing well cutting chips; we're going to try you at the craps table."

John, the brawny, mild-mannered student I sidle next to at the craps pit, gives me a brief rundown. "They want us to cut four piles of five chips, stack this into 20, then practice pushing it across the table both right and left handed, like this . . . ."

John confesses that he feels guilty about continuing to collect unemployment insurance benefits while attending the dealers school.

* * *

Shallow Toes tells me Resorts is still hoping to get permission from the Casino Control Commission to limit casino admission to hotel guests, at least on holiday weekends, if not every weekend. "No walk-ins at crowded times. They want to be able to ask to see room keys," Shallow Toes nods.

The craps crews get a pep talk tonight. Frank Helmick, the bandy-legged, grinning leader of the craps instructors, tells us how much fun we're going to have. A former dealer and pit boss in Lake Tahoe, he says, "Me and the rest of the faculty are gonna run this like the army. The only way you guys and girls are gonna flunk is if you walk out of here right now," Helmick shouts, pointing to the door. "I'm gonna force you to learn. Over 5,000 people want your job. You bear down and we'll help you. We'll make learning craps real fun. We're gonna bring in some beer on Friday nights and we're gonna move the tables to the back room and have us some real crap games. You can't learn unless you play the game, too. Nobody ever learned this game with fake money. The dice will start rollin' tonight, and the money will start flowin' tonight, and it won't stop until they close this place down."

Cheers.

Neither Helmick nor any of the other instructors ever mentions the important odds—the odds *against* getting hired. Each major school game—craps, roulette, blackjack and baccarat—had for its school enrollment over twice as

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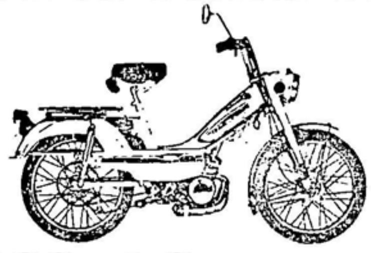

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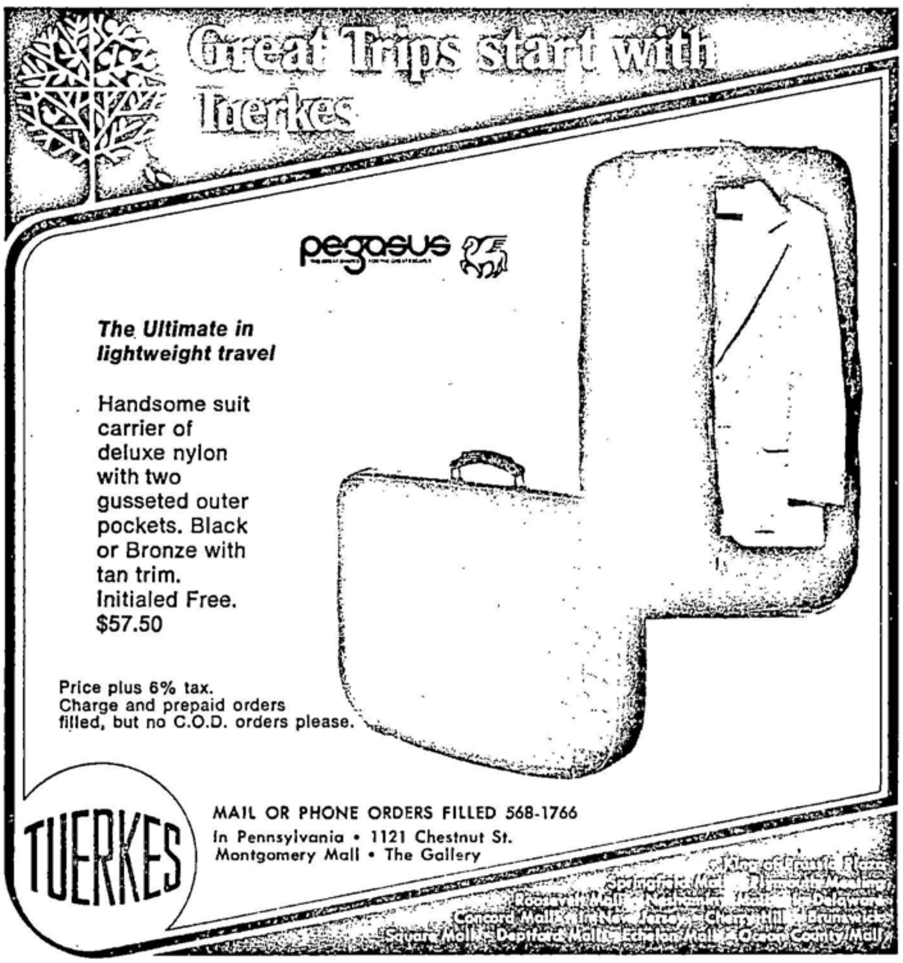
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many aspiring students as immediate job openings.

One guy, a baccarat student in his early 20s, typifies the naivete of the majority when he says, "These instructors are great. They're going to do their best to see we become good dealers."

"What happens," I ask, "if you pass the course and don't get hired by the end of the summer? You won't be able to work in a casino for at least two years. Will you be able to get your old job back?"

"I don't want to think about that," he replies. "I got confidence."

Maybe he got the job that I didn't hang around for. I lasted for about three weeks, got what I wanted out of it, and took off. On the night I walked out of class for the last time I stopped for a drink at a neighborhood bar half a block away. An almost elderly woman sitting three stools down noticed the school security badge still on my lapel. I stared back at her for a while, deciding that she was the type who knew she needed therapy but preferred bartenders because they would never tell her to stop drinking. She finally broke the silence.

"You'll be lucky, young man," she counseled, flashing a trace of venom, "if you can keep a respectable reputation working in that place. Don't you know the Mafia runs all the casinos?"

"The Mafia won't get into Atlantic City's casinos," I assured her, finishing off my martini, "for at least three weeks."

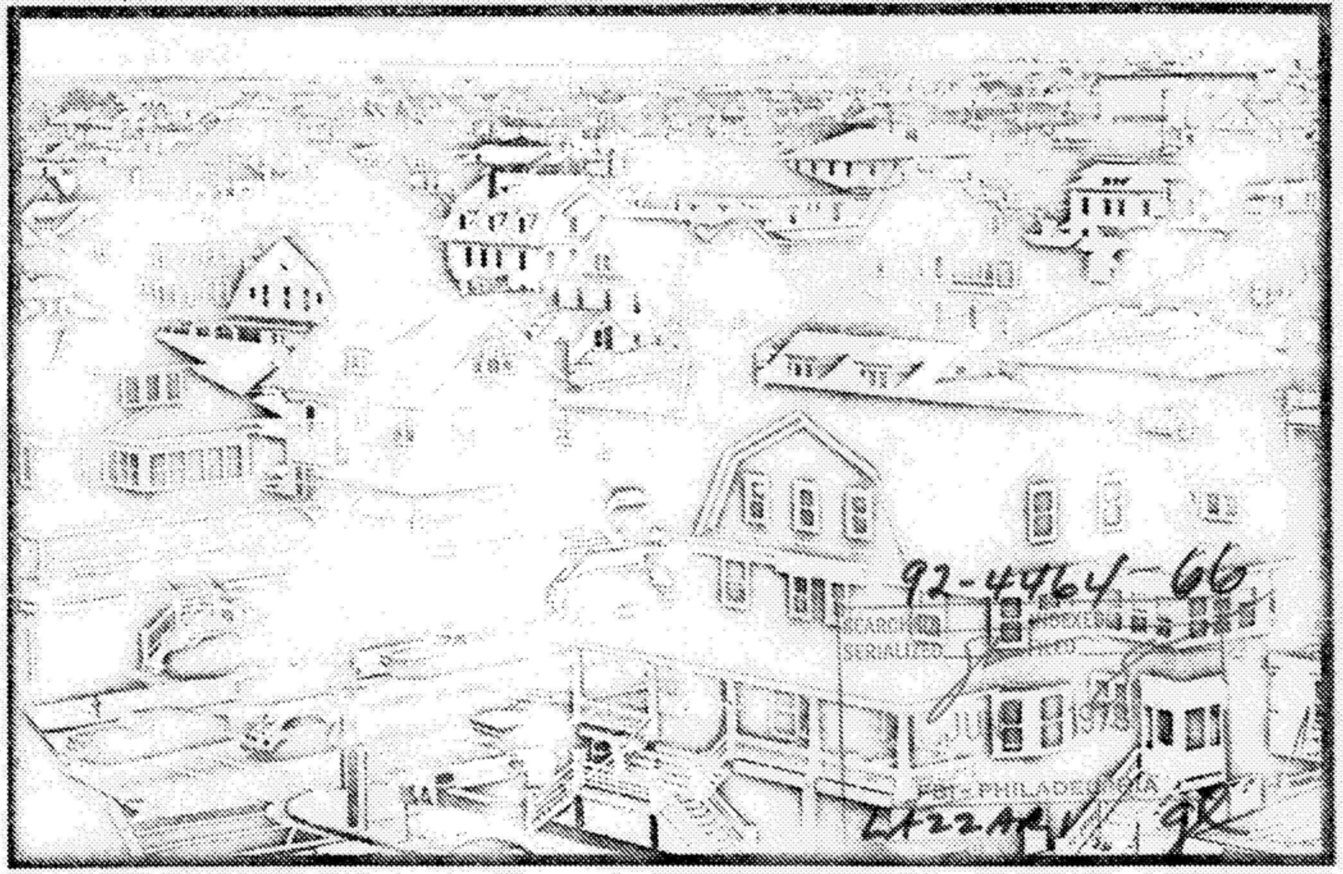
It'll take me a lot longer. Now that the Resorts International personnel know my face and have my picture on file, I'll have to wait until Atlantic City burgeons with casinos before I can count cards there. But learning the casino business from the other side will help me in the long run, I tell myself. And I can wait.

Not so with a lot of people. Everyone I meet who hears that I was in dealers' school comes across with a wide-eyed sucker's gleam. They all want to jump in, wallets first. Most novice gamblers are attracted to the numbers games—craps and roulette, even though they would be better off losing their gambling virginity at a racetrack. There, at least, for 15 to 25 cents they can follow the selections of a good newspaper handicapper. You can develop expertise with horses, tell that one is mismatched and either not worth a bet because of it or worth a bet considering the odds. But I've yet to see anyone guarantee that on a specific roll a 12 won't show up in craps, or that a zero has no chance of showing on a turn of the roulette wheel.

Hell, you don't have to go to school to figure *that*. ■■

Dwellings: The shore thing

PHILADELPHIA MAGAZINE JUNE 1978



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By Jay Lamont

Tony Passalaqua is a center city by-appointment-only hair stylist who finally got up the nerve and bucks to buy his family a second home at the shore. In January of 1977 he scooped up a modest Margate duplex one block from the beach for $42,000.

Last weekend someone knocked on his door and offered him $80,000 for the same property. Passalaqua is not a real estate genius, but something tells him he made the right move at the right time—and while he is not going to sell, he admits it feels good to be wealthy on paper with his newly acquired seashore equity.

That is precisely the seashore real estate market today. Virtually everybody who bought property there—but especially modern duplexes near the beach—are finding themselves sitting on the casino jackpot.

Coastal real estate's becoming so scarce, it's getting hard to find a seller.

More heavy action is occurring in the real estate offices—from Long Beach Island to Avalon, and even farther south in some cases—than will occur on the gambling tables, making some people wonder whether the profits will be greater from the terra firma than from all the dice, roulette and playing cards. And latecomers are lining up along the South Jersey shore searching, often in vain, for that elusive commodity that will provide either income (in terms of rentals) or a safe haven away from the hustle and bustle of the cities and the neon jungles-to-be of Las Vegas East.

But problems always abound in paradise for the unwary.

"The faster a balloon is inflated, the louder the pop when it bursts," points out Ralph Clayton, a mid-40s millionaire in blue jeans who counts among his vast holdings both the Wayside Village Shopping Center in Upper Township in Cape May County and the huge All Seasons Marina on the causeway between Ocean City and Marmora.

Clayton, a shy Jimmy Carter lookalike, has made his millions in real estate in the seashore area in the last 20 years by buying exactly where the crowds were not.

"I'm wary of people buying real estate parcels based upon paper appreciation potential rather than actual rental income, or at least realistic potential rental dollars," confides Clayton. "Many people today are double-dipping to buy their seashore beachfront homes and condos. That is, they're refinancing their primary homes to raise the cash to use as a down payment, and then borrowing heavily from local banks for the purchase money mortgage to make up the rest of the sale price.

"Of course, I'm only a builder and

Jay Lamont is the director and faculty chairperson of Temple University's Real Estate Institute.

businessman, not an economist. But that's a bad sign to me—especially in a shaky national economy where the U.S. dollar continues to evaporate in value on the world money markets."

But Clayton's pessimism is reserved for the "inflated prices" that typify certain second homes and "negative cash flow" investment properties. He continues to be extremely bullish on the entire seashore area's potential for economic growth.

"I'm a firm believer in leverage—the use of other people's money to acquire income-producing real estate investments. But speculation based only upon rumors of price appreciation is something to watch out for."

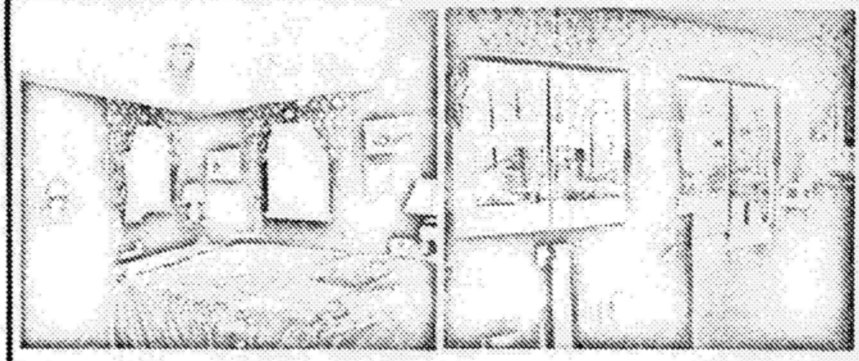
When housing prices rise at a rate much faster than the consumer price index, as they are today in the seashore marketplace, a "ratchet effect" seems to lift all surrounding real estate values. The same ratchet effect also serves as a break, preventing a plummeting of values, when the boom begins to slow down, as it eventually must.

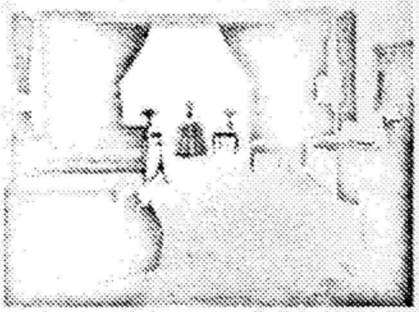
The current seashore real estate boom has sent certain well-located properties soaring sky-high, even doubling in value, in the past 12 months. But ironically, most realty brokers are having only a mediocre year themselves.

"We have so few listings to sell, it's incredible," says Lynn Thompson, 35-year-old owner of Grace Realty, a two-office operation in Ocean City and one of the island's most successful high-volume salesmen over the past decade. "Sellers just won't part with their properties, even with the sale prices skyrocketing like never before, so the buyer demand rises daily while the supply of properties shrinks to virtually nothing. We simply don't have any modern duplexes on the market for more than a few hours in prime South Ocean City areas under $100,000," Thompson asserts.

"I sold a seven-year-old Asbury Avenue duplex—ocean view only if you like to use periscopes—last May for $72,000 to a Cherry Hill lawyer and his wife as an investment. I just presented him an offer of $110,000 to sell one year and one day later for capital gains tax reasons, and he just smiled and said 'no way.' That's almost a 50% price increase in 12 months, but the owner still won't consider selling."

BESIDES THE rapidly inflating prices, reluctant sellers and unprecedented buyer demand, there's a fourth obstacle facing seashore brokers today: the wary attitude of lending institutions who provide the bulk of the money which makes the deals possible.





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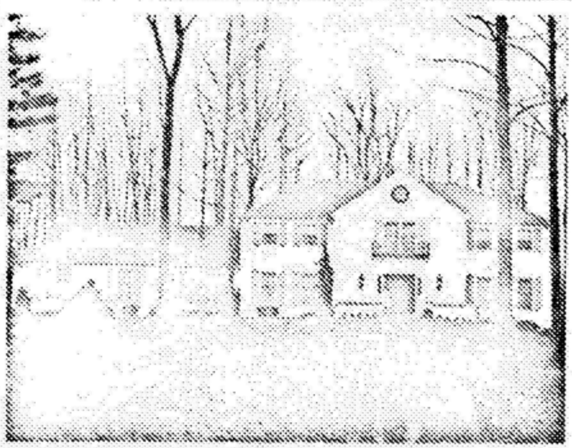

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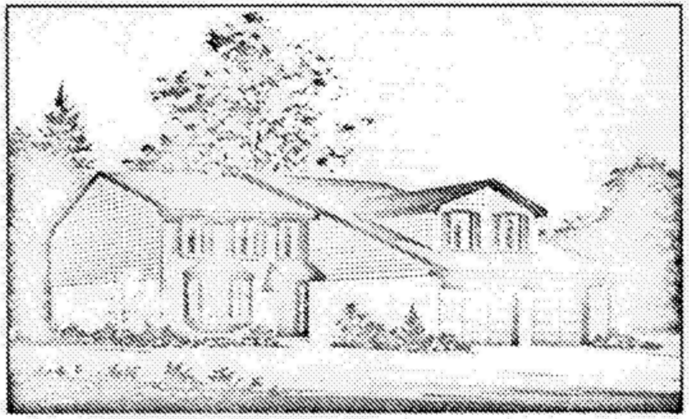

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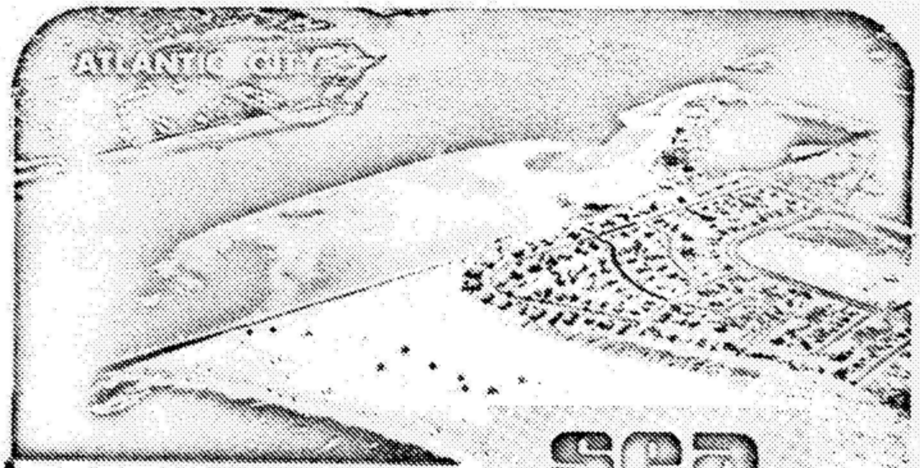

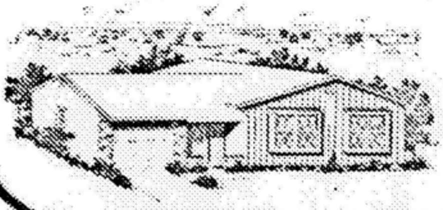

Only a few homes remain in this small community of distinctive residences.

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PAPARONE REALTY CO., Agents

Dwellings

"We're pulling in our horns," admits one major mortgage officer on Absecon Island. "We think that the recent abnormal inflation has stretched selling prices beyond true value in many cases, so the ratio of mortgage loan dollars to sale price is being curbed. We are just not going to feed more fuel to the price inflation spiral at the risk of our depositors' money."

A quick survey of the lending policies now in effect at the area's major commercial banks and savings and loan associations confirmed the mortgage officer's warning.

Only six months ago, for instance, Collective Federal Savings, Anchor Savings and Howard Savings would readily provide first mortgage loans to qualified buyers at 8.75% interest with payback periods of at least 25 years, creating a relatively low monthly payment of both interest and principal—which goes a long way toward creating a positive cash flow as quickly as possible on an income-producing property. Further, these lenders—tops at the shore in terms of mortgage activity—also used to provide loan amounts for about 80% of the selling price.

Well, those days are gone. Today, the area is a tight mortgage market with appraisal policies and credit standards toughening up almost daily, the mortgage interest rate sitting at 9% and showing signs of moving up again, and the all-important ratio of loan-to-price shrinking to 60% in the case of investment duplexes and 70% in the case of owner-occupied properties.

"That means buyers need more than double the cash down payment that they needed only six months ago," laments one Ventnor saleswoman. "And although that seems incredible, we still have many more buyers than sellers, and there are just no such things as bargains around today.

"Many listings on Absecon Island are being sold in hours—at the full asking price. But it's the sellers who often get cold feet and are hesitant to sign the agreement of sale."

(Curiously, big city commercial banks and savings and loan associations tend to avoid active lending in the seashore residential mortgage market. Rigid federal and state banking laws, lack of proximity to the properties and the difficulty of marshaling adequate appraisal data or seashore sales are the various reasons given for their inactivity.)

WHO ARE THESE homebuyers who have pushed up prices and created shortages in the prestigious residential communities adjacent to Atlantic City? Three categories, says Helen Wisznat, a Margate saleswoman whose husband is

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pastor of the Margate Community Church and was an influential leader of the pro-casino gambling forces who spearheaded the successful referendum. These are "the oil people, who live in motels on generous per diem allowances from their companies while they look for year-round homes here, the casino people from Resorts International, who have bought or are buying the high-priced year-round executive homes in the Margate, Ventnor and Ocean City communities, and the middle-management level casino workers, previously employed in Lake Tahoe or Las Vegas, who are driving into town with vans full of furniture and staying at the Somers Point area motels while they seek affordable housing in the Absecon and Port Republic areas—about 20 minutes by car from the casino district.

"They want the peace and quiet that they feel can't be found in a full-blown gambling town, plus they can't afford on-the-island homes."

Despite all the action surrounding it, Atlantic City itself, the gambling town with only one casino to date (Resorts International), has changed very little during the last 18 months—at least on the surface. The second pleasure dome would be Penthouse, Atlantic at Park Place and the Boardwalk, since they have the building to meet the 500-room minimum for a casino—to perhaps be followed in the race by Caesar's Palace and Playboy, *if* they get their much needed capital financing, gaming licenses and get through the whole potpourri of red tape in the months and years ahead. Some insiders, though, expect Penthouse and Playboy to eventually sell their real estate holdings to larger corporations with entertainment subsidiaries.

But the hot real estate action today is very clearly with the "little guys," not the international conglomerates and syndicates.

Another reason the prices of real estate are shooting up are the stiff environmental controls that severely limit the supply of "buildable" land. For example, the acres of seemingly open land along the causeways and bays of many Jersey seashore communities fall into the category of "wetlands" and may never be filled in or developed due to tough state and federal regulations assuring that their natural state will be maintained.

THE TREMENDOUS real estate price leaps are of the kind that hit the Los Angeles, San Diego and San Francisco housing markets only a year ago. *Time* magazine and the national electronic media haven't focused their cameras on it yet, but the pattern is absolutely

WAYNE

This expandable rancher in immaculate condition is secluded by a private driveway. On the first floor is a living room with fireplace, dining room, modern kitchen, three bedrooms and two baths.

The possibility of adding two bedrooms and a bath on the second floor make this a perfect situation for the growing family.

Central air conditioning, oil hot water heat, and full basement with an outside entrance are among the other features of this house at $79,500.

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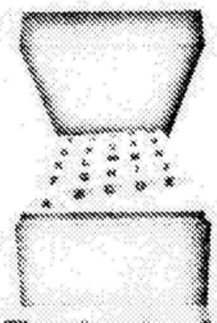

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Cape May County—which contains along its coastline the resort towns of Ocean City, Sea Isle City, Avalon, Stone Harbor, the Wildwoods and Cape May—appears destined to follow Atlantic County in growth, shedding its image as New Jersey's least populous county.

"Our early population projections [pre-casino gambling, pre-oil exploration] for Cape May County were for solid growth, with 76,000 winter residents and 605,000 summer residents by the end of 1978," notes Joseph Krumsky, senior planner with the Cape May County Planning Board. "Now those figures suddenly look very, very obsolete."

Krumsky points out that the most populous and most affluent seaside community on the Jersey cape is Ocean City, with year-round permanent residents numbering 12,500 and summer residency soaring to 126,000. It is Ocean City that's seen as a desirable target for those casino and petrochemical executives seeking a quiet haven from the commercial world, located 20 minutes south of Atlantic City via the Garden State Parkway.

But in practically every shore community in the area, the buyer demand for well-located modern year-round properties is intense, the prices are leaping rather than rising gracefully, and the buyers are screaming in frustration that they can't find anything.

This means an agonizing year for the real estate brokers, who are facing the hottest sale market in their history but having one of their worst commission years. Claims one veteran seashore broker, "The sellers either don't want to sell or want to cut our sales commission to nothing.

"Some buyers think we brokers are causing the appreciation to soar. But we're practically starving because of it."

What's a good buy in today's feverish market?

Any heated property that has good location (preferably near the beach) and structural soundness (no rotted pilings, excessive settling or cracked foundation) but perhaps features virtually obscene decor and outmoded kitchens that can be turned around in the future with the quick insertion of both dollars and taste in roughly equal doses.

Paint, carpeting, kitchen cabinets, modern appliances, furnishings and landscaping are the cosmetic improvements that can lift a property substantially in value, far beyond the actual total sum of both the acquisition cost plus the cost of the above improvements. ■■

"There may nev a better time."

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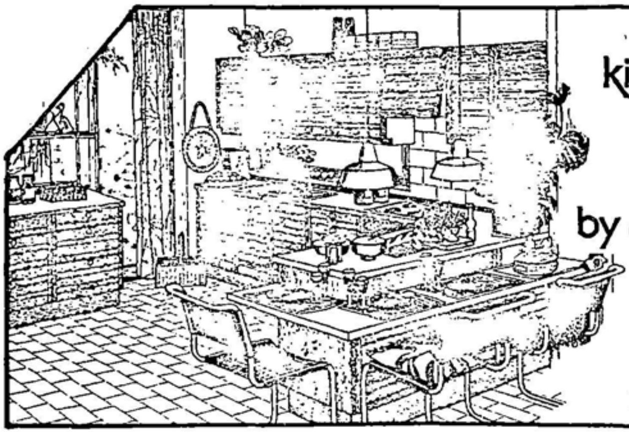

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WHAT'S HOT

Sandy night fever

PHILADELPHIA
MAGAZINE
JUNE 1978

By Dorothy Cupich

Another tequila sunrise. You've lost your bankroll the night before to a one-armed bandit and you're down to your last few pesos. No sweat. There's a tidal wave of nightclubs up and down the seacoast where you can whoop it up with four-for-a-dollar or sit back in a lounge, listen to live music, and suck on a gin and tonic. In fact, if you prefer a throbbing sound system to the *whir* of a roulette wheel and don't know baccarat from baklava, there are dozens of seaside clubs where there's even more action than the casino: discos. Before you make your night moves, one thing to keep in mind—Jersey's legal drinking age. Bubblegum is hard to get off your soles.

Entertainment policies subject to change from date of publication.

ATLANTIC CITY THRESHOLD

Delareto's, 1268 White Horse Pk. When the deep purple falls over sleepy Roman Gardens' walls this supperclub comes alive, with a dinner menu and a snappy combo called Young Ideas which takes to the bandstand, Fri, Sat & Sun around 9, a four-man outfit of keyboards, trumpet, and percussion. Harry picks up the drumsticks and delivers a basso-profundo, while Conga Sal fronts the group and slaps the you-know-what. There's a decent dance floor if you hate to let a good hustle get away.

Zaberer's, Black Horse Pk. & Delilah Rd. (McKee City). The perennial mess hall with the most brass, stained glass and Tiffany kitsch per square inch still hasn't lost its drawing power. And during summer months the martini-swilling set come like a swarm of mayflies. The Garden Lounge has enough divertissements to keep you busy during

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a triple-strength of whatever cocktail delivered in a pitcher, or take advantage of the small dance area while the band plays on. It plays tangoes, waltzes, trots. No jeans, and jackets please. If you didn't bring one, you can borrow one from the coatroom.

BRIGANTINE

Beach Bar, 4401 Ocean Ave. Brigantine is big on green flies and short on nightlife, so this is the one-and-only post-pubescent watering hole. Darts, pool, and air hockey is what you'll find in the way of live entertainment with your suds. But it's a great place to come in apres-beach for late lunch. Leave your dog outside.

Rum Point. Right over the bridge on Brigantine Blvd. is a little boogie bar with live sounds for the teens to shake a tailfeather to when they're not jacking-up their cars and doing "wheelies." About the most sophisticated thing you can come across here is the Amaretto-and-vodka "Godmother." Keeps the kids off the streets.

ATLANTIC CITY

Resorts Int'l Hotel/Casino, Boardwalk & N. Carolina Ave. Bon vivants have their pick of several watering and feeding rooms with music to dine and dance to. **Le Palais** is heavy-duty French served in a regal red-gold-mirrored-candlelit room with a duo every night but Monday, 7:30-midnight, of one chap who unlocks the piano keys and the other who plies his violin. There are plush chairs for you to sit upon and candlelight for looking into someone's eyes or digging the meat out of a crab claw. Also on the second level is the **Camelot** where the chef went steak-lobster-roast beef and the decorator went Tudor:wainscoting, forest green and royal blue, and the five-piece group goes upbeat for the dance action. Flanking the casino on the ground floor is the **Rendezvous Room,** a pub that starts to hum nightly, 9-2 a.m., with a little combo. The semi-circular cabaret where about 2,000 old chums can come (tentative $25 cover) is supposed to be known as the **Pennsylvania Room Superstar Theater** which plans to present a Folies-Bergere-style chorus line as a warm-up to superstar Vegasy

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WHAT'S HOT

The Sand Castle, Rt. 322 (Black Horse Pk.). What used to be heiress Barbara Hutton's el posho shore pad has been turned into a dining room with candles that flicker and tables that overlook the bay. If you're just *in* for cocktails, there's a cluster of tiny tables topped with bowls of goldfish crackers to wash down with Dewar's. Tipplers with a sweet tooth can drink down special, luscious, fattening brandy Alexanders made with fresh ice cream, then liquid protein the rest of the week. Hutton's is the bar here that features top-40 and disco for the Bragg Gel crowd. If drinks seem a bit *trop cher* ($2.50), somehow the view overlooking the bay makes them seem worth it. No cover; casual, but jeans nixed.

Palm Court, S. Arkansas and Pacific in the Howard Johnson Regency. If you're strong for someone, it's a great place to score points. This slicko sundown retreat has a dining room done in shaggy emerald carpeting, chrome, mirrors, and tables of plate glass for you to look down and watch yourselves holding hands, or look up and watch the flickering tapers and fresh palm fronds. If you just want to wind up a romantic evening, come to the lounge for a nightcap, Wed-Sun, 7-midnight, when the velvety pianistics susurrate from the dining room.

Casa del Sol, S. Missouri Ave., Holiday Inn. When you want to get high, take the elevator up to the 23rd floor, grab a seat in the lounge, and order a few rounds of stingers. There's a band who delivers danceable tunes for the post-30s platoon who come here primarily to dine in the neo-Mediterranean rooftop restaurant.

McGee's, 1615 Pacific Ave. Good place for seafood, it's got a nice big bar and bartenders who know whereof they pour, and a band that gets it on after 10. A good place just for washing down beer, it gets a friendly, sing-along crowd that's been known to break out in hoary old Irish ditties.

Grabel's Lounge, Atlantic & Harrisburg. Great "happy hour" on Fridays. And the rest of the week, a great place to relax and have a few yaks, if you're anywhere from 30 to 65. In the way of live entertainment, it's middle-of-the-road music by a couple who call themselves Lord Konrad and Lady Patricia which should give you the average age range of the clientele.

Antonio's Olympic Flame, 22 S. Tennessee. Hold onto your ouzo—here's Atlantic City's answer to Athens's Plaka district: lots of Greek crapola and lots of fun. If you want to get into something different in Casino City, the place features a bouzouki band, dining room and dance floor. If you start feeling your retsina, you can get up on your dancing feet and do your "Ilya Darling" impression.

TK's, Boston & Atlantic. Considering it's a bar down the shore—where most scoring is done on the beach or sidewalk—pretty heavy *Looking For Mr. Goodbar* scene. But just come and practice your moves, Wed-Sun, when Reality rips it up with their disco chart. From 4 till 9 on Sundays, jazz musicians jam the afternoon away.

Melody, 22 S. Carolina Ave. When it comes to shakin' a late-night leg, this is an old standby stomping ground with an established reputation. The clientele is largely young 20s singles who flock in like lemmings each summer from Philly. Right now Patchwork, a seven-piece disco and top-40s horn band entertains the troops. Come July, the place starts to burn with White Chocolate. Yum.

Little John's, Tennessee and Pacific. Since they switched the vibes from organ music to disco, it's the most popular church in town. The group of businessmen who bought the place didn't abuse the nice Gothicy interior—it's fieldstone, stained glass, the seats are pews, and the old organ pipes still stand in the back—with the addition of three tacky vinyl bars. By day it's a popular restaurant with a salad bar and waitresses in lace-up Maid Marian-type gowns attending wooden tables, but by night they *spin* platters. When Disco Jimmy isn't manning the turntable, there's a good band getting it on where the altar used to be, for the young professional types from Northeast Philly and suburbs and surrounding Jersey towns who come and pound the bejesus out of the floorboards. After midnight, expect close quarters—it's one of the three hottest dance spots in the area—with the greatest collection of *Vogue* and *Gentlemen's Quarterly* subscribers. Lots of gauzy-chic, hats, girls with French-style pants laced at the ankles. Corduroy and Adidas don't have a prayer at the door.

Casanova's, Pacific Ave. From the folks who brought you Cherry Hill's Valentino's—the Joey Gambino family. Follow them around, people, there are no better disco barons in Jersey. Their AC disco palace has Valentino's same no-fail slickness—lots of electric flash and glitter, electric-blue carpet, underlit blue plexiglass floor, and the same big, burly types with carnations, deployed around the room. But the mob inside is not the same act: a tad older (21-35), and trendier—more New York East Side-smartness. The hottest disco of the shore resorts, Casanova's draws dancers so smooth you could spread them on a cracker. People even have informal partners they make a B-line for to burn up the floor with powerhouse routines worked out to The Trammps' "Disco Inferno," Chic or Rufus. Before you go, get decked. The place looks like the set from *Saturday Night Fever*: Guys with hair combed à la Travolta, in black or pearl-gray three-piece suits with white slate shirts and ties with knots as big as a fist. The girls get very foxed-up, sexy Danskin leotards, Qiana disco dresses, black or gold ankle-strap stilettos, frizzled hair and more eye shadow than David Bowie. But if you want to make it with that Tony Manero-type you saw on the beach, get the steps down. These guys don't fool around. At least not on the dance floor. When the other clubs shutter is when Casanova's starts to smoke. Around 1:30 a.m.

LOOKING FOR MR. GAYBAR

Tinged with an ever-so-slight hint of decadence, this is the most flaming circuit in Atlantic City: the gay strip on New York Avenue, a string of clubs, good, bad and tacky, that never close. Well actually, in line with A.C.'s code, they close for an hour. Just to clean up the glasses.

Chester Lounge, 132 S. New York Ave. This young cruising bar has been discovered by heterosexuals who get off on hot music from the socko sound system, a large bar, outrageous stainless steel dance floor, and Henri David's costume parties every other Wednesday. More upscale and tolerant than the other gay clubs, but still not the place to take your Aunt Wanda from Chicago. Bi's, straights, gays and everything in between, they come in denims, khakis, running shorts, and towels straight from the beach. In fact, apres-beach is a routine here with people who start partying early and don't stop. By Labor Day, they're the boys with the gorgeous shades of bronze. On one side.

M & M, inside Grand Central. If you were to spot the[illegible] in Philly, it could be at the Allegro at Bro[illegible] Spruce. Inside it's really dark and hot and you get burnt with a million cigarettes. But if you're into shaking your tush to disco all night, mmm, mmm, good.

Chez DCA, next to the Boardwalk. The guy who owns the DCA, a private club at Juniper and Chancellor downtown, gutted what was years ago the Chez Paree, and is re-opening this season as his DCA act down the shore. Should be flashy.

MARGATE

Beer flowing freely, punch-outs on corners, kids flip and crash on the beach . . . ah, Margate. Still rowdy after all these years. Across the Longport-Somers Point Bridge from Washington to Madison, is the Golden Strip, where for three wet and wild months the bay side of town turns into a crazy hole. In Vineland, Camden, South Philly and Kensington, they are packing two pairs of cut-offs blow dryers, tubes of sun lotion and Clearasil, and the annual high school onslaught is beginning. Inside of the Strip's joints, the same blitz has been going on every season for the past ten summers. Some have been given a face-lifting and stepped up their disco decibels to keep up with the dance fever, but the Golden Strip has retained its basic character. Just ask any 16-year-old in Roxborough.

Gables, Amherst & Washington. When I was 21 it was a very good year here. The Xceptions who do Chicago as good as Chicago, were the house band. Nine years later they still are. This summer, owner Neil Bryers will have them take turns on the stage with another group, Uproar, for the 16-20-year-olds to shake, rattle, and roll to Beach Boys, Beatles, and a disco set from *Saturday Night Fever*. Erected on solid rock, and installed with five bars, the Strip's perennial boogie palace is a cavern. But it's eternally been a *Day of the Locusts* crush inside. Wear your old jeans and a Farrah Fawcett T-shirt or tube top and fit right in.

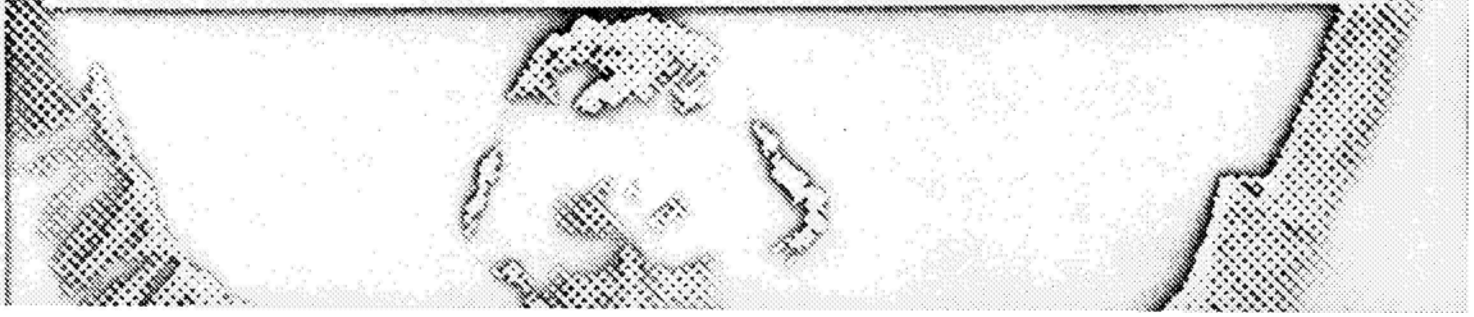
Maloney's, 23 S. Washington. Rowdy suds joint that's open till 8 in the morning. If you get there at 8:05 you might not get a seat. Tends to be Northeast cliquey, an older crowd, which for Margate means 20-25, who come to slosh it up and pick or be picked up. Beer coming out of their ears and other orifices. Dress shabby.

Maynard's, 9306 Amherst. Another favorite of the Northeast Philly low-rent crowd, it's equipped with a blaring jukebox, shuffleboard, pinball and three pool tables. Gets busy Saturday afternoon with a straight-off-the-beach crowd in T-shirts and rubber flip-flops. Don't order a champagne cocktail in here.

Melody. Live band to rock out to. Rub elbows with the roller derby queens and pump jocks.

Jerry Blavat's Memories, Amherst off the Strip. Fats Domino groaning "I'm Gonna Be A Wheel Someday" . . . the Temps doing "Tracks Of My Tears" . . . the Geator's built a career raiding the hall of fame all these years. He must be doing something right. Yon teens gone gray, the clan is friendly, Blavat's following from South Philly and Camden who fill the room with polyester pants, peace symbol belt buckles, white shoes and flowered body shirts. The Geator has added a disco on Fri, Sat and Sun which does mix the crowd up with dancers who don't remember when records were called platters. When he's not hosting the scene, a jukebox full of golden oldies stands in.

Meral's, Amherst & Adams. Sort of a diamond in the rough spot, it's not as divey as the other Mar-



gate bars, although you will spot a few tatoos here and there. The bartenders here are worth noting, if only because I had a crush on every one of them. They all look like they've been airlifted from Villanova's campus to give the place a little class, and always wore white shirts and black ties as if they were working a Main Line wedding reception. The old spot was spruced up last season and has glasses hanging from the ceiling above the bar, aspiring to cocktail lounge-style, and is the only place where you can order specialty drinks like a frozen daiquiri and not be laughed out of the bar.

Moylin's, Monroe & Monmouth. A drinking bar about a block from the bay where the mob dresses a cut above seedy. This is the original home of "The Big Mother"—beer, vodka, grenadine and about seven other things. I've seen it going down and I've seen it coming up but I'm not sure what's in it.

Music Box, Washington & Atlantic. Hottest place at the moment, disco-wise in Margate, it's the only "decent" place for people who want to lay down some solid steps to disco like Santa Esmeralda or Donna Summer. It's a multi-level place with a sunken dance floor that used to have bubble machines and dry ice to throw off steam clouds around you. But the big gun here is the sound system: the speakers are right down there on the floor with you to give a great volcanic tremor-effect. Not exactly tuxedo junction, but nice dressers, even some three-piece suits and a lot of flashy disco dolls with skirts slit up to there, who start out the night here, then finish it off at Casanova's.

Nickelodeon, 223 N. Washington Ave. If you're around 21 and up on all the hot trots and hanging out in Margate, you'll probably want to check out this fairly new spot which right now has Clare high-energy rockers who play top-40s and disco. Last summer the hardwood floor reeked with beer, but over the winter it was redone and installed with cocktail tables where you can stuff yourself on Clam Night. Mon & Wed are "all you can drink for $4," and Tues are flash flood nights: a 64 oz. pitcher of brew for $1.75.

Greenhouse, vicinity Washington & Atlantic. About the only place where the patrons aren't picking salt water taffy out of their braces. The likes of Joe Pellegrino and Jerry Blavat may be spotted there now and then hoisting a few in the late afternoon.

LONGPORT

Edgewater, 3503 Amherst Ave. Across the water off the Margate Strip is Longport's major watering hole, sitting right on the water. It's a huge no-frills establishment that owners Kelly Voight and Elizabeth Pew Voight have done up in industrial anti-chic—tables of big telephone cable spools along with some bad paintings and a jukebox. But the bar is stocked with top shelf stuff, and the room boasts a sliding glass door that opens up so you can down your booze standing on the terrace overlooking the water. Just about any night of the week after 10:30 it's filled, but the animus of the place is a really wild mix. If you wear Brooks Brothers suits, eat American cheese on white and commute on the Chestnut Hill local in the winter, you'll feel at home here. Ditto if you fancy yourself lace-curtain Irish, or part of the post-collegiate types who remember when coke meant cola and prefer cola. Since it's got a dock, people tie up in the slips and come in right off their boats, in everything from coats and ties to cut-offs and Topsiders.

Longport Inn, 3101 Atlantic Ave. If you're not at Edgewater, you're at Longport Inn. The only other pub in town, it's at the north end, closest to Atlantic City, and over the years the clannish oasis of 40ish-50ish bracket of semi-flashy blue-turned-white-collar crowd. The hang-out of small-time politicos plotting to overthrow Rizzo and the old Pete Camiel and Jim Tate aficionados.

SOMERS POINT

Drive down Bay Ave. to Somers Point Circle and you hit the smallest but densest area of oases in the Atlantic City-to-Ocean City run. When the sun sets on the dry streets of Ocean City, you'll come off the beach, fix yourself a vodka and bitter lemon, shower and dress for dinner. For those who've advanced beyond the disco bar-scene there are two good choices for late night divertissements off the circle. If you're not driving to Harry's for cocktails and dinner, you'll probably want to check out the other main attraction.

Mediterranean Dinner Club, off the circle at 11 MacArthur Blvd. Here's Somers Point's version of the *Latin Casino* with seatings for close to a thousand spiffily dressed couples. Two different musical groups are in residence this summer, taking turns playing dance music from 8 p.m.: Then & Now; and Rick & Jay. At nine o'clock this fancy-tacky Mediterranean red room is filled with Big Band sounds from specially booked orchestras, like Stan Kenton on the July Fourth weekend, and Woody Herman on July 14.

Bayshore's/Tony Mart's. The only difference between the rock rooms of Somers Point and of Margate is the geographical roots of the kids. The Point seems to be made up of a Radnor, Northeast Philly, Millville, N.J.-gang, all based in Ocean City. Margate may be more Fishtown, Roxborough, South Philly, as well as Northeast-crew, all based in Margate. Depending on where you're situated for the weekend, you can roll into the Point from two routes: From the Margate-Ventnor-Longport connection, over the ancient, wooden-slatted bridge; or take the Ocean Drive for a quarter on the toll bridge. If you're sacking out in Ocean City, tool down 9th St. There's a whole lotta shakin' goin' on inside these enduring dance spots which generally feature heavy metal rock bands doing riffs like Boston, Rod Stewart, Lynard Skynard and the Stones.

Anchorage, 823 Bay Ave. Early in the evening, before you put on your dancin' shoes, come in cut-offs and flippers to the porch-fronted, portholed old Anchorage and do what your older brothers and sisters have been doing for the past decade. Try to make it past the bouncer and start the night off by sloshing it up with a few beers. And playing "Pennies From Heaven," if they haven't taken it off the jukebox yet.

Rock Box. A little bit off the circle, and the newest entry in the hubbub, it's an aptly named concern where the hordes come to dance their tails off. The trump card here is Philly's own Johnny's Dance Band, a sizzling rock & torch arrangement who play their own material and have a big Philly following. The house group here last summer, they'll likely do a stint here again by popular demand, along with other gigs. When one of the other dance bands here winds up a set and JDB comes on stage, the dancing comes to a dead stop. Besides the electric guitar rifting, the mob flip over the lead singer, a foxy little mama who comes on steamy and belts out her big number "I Been Pushed Around Too Long," which leaves a lot of little boys biting their knuckles. Who needs Linda Ronstadt?

LONGPORT-SOMERS POINT BOULEVARD

Connecting the two separate cultures (if that's the word) of Atlantic City and Ocean City is a no man's land that neither town lays claim to. For almost a decade, there have been a pair of legendary stops on the clubbing circuit for those who want to continue their load. Or anyone who's got anything left in them at 3 a.m.

Mother's. Semi-shabby dance emporium where the kids look as if they've been wearing the same jeans for three months. Will be hosting rock & jazz ers, Hit & Run, who gig for an early 20 dup that only a mother could love.

Dunes Till Dawn. Naughty boy of the shore bars it's the place where the real diehards wind up their jag. About 4 in the morning it's filled: bouncers bartenders, motorcycle-types, truckers, hot numbers, and any guy who hasn't picked anyone as yet. In the past the Dunes has promoted its trashed-up image with advertising suggesting you could spend your night here, sleep on the beach and save motel costs. If you decide to check out the sound and fury, watch your step around the broken glass.

SEA ISLE CITY

A coastal resort that swings at a much calmer tempo, it's situated between Avalon and Ocean City. Besides the asphalt Boardwalk and small amusement park across the bridge from Avalon on Ocean Drive, there are some adult playgrounds

Ocean Drive, 40th & Landis. The most popular spot in town, the decor is zilch but the music is good and live—soft rock like The Eagles, or riffs you'd hear on the AM stations, for the 25-35 age range from Chestnut Hill, Cherry Hill, Drexel Hill, Willow Grove and Northeast Philly. On off-nights like Mon & Thurs, the population of Sea Isle jams in for one blast of an Amateur Night. Last summer featured impressionists, opera singers, comedians, and one guy in jeans and a "Ryan's Raiders" T-shirt who belted out a fabulous rock-star act. He turned out to be a priest on the faculty of Archbishop Ryan High School.

Busch's. Cocktail lounge at the end of town, at 87th Street, with a combo that kicks out the stops on weekends.

Garrity's, Landis Ave. Thirty paces east, a block closer to the beach, this pub also has a combo and draws a steady stream of young teachers who are into group rentals down here for the summer weekends.

LaCosta Lounge, Kennedy Blvd. & Landis Ave. Large room, but the 25ish-post-collegiates always manage to keep it crammed. It's a restaurant with a bar, not too big of a dance floor, and occasionally live bands laying down tracks. Casual, but not sloppy crew.

Pentagon Lounge, 63rd & Landis. Inside the Sea Isle Inn, the gin mill and music joint spins tracks for a younger clientele.

Shenanigan's, 38th & Landis. A couple of years ago when it was the Dolphin, you could expect to be up to your ankles in beer, especially on the "four [tiny cups]-for-a-dollar-nights." Now the interior's been spruced-up and it's glutted with a semi-collegiate element, the crowd you might see flaming around McGillin's in Philly the rest of the year. Blue jeans, desert boots and a nice shirt will get you by.

AVALON

Fat gulls, blue sky, Avalon is a manicured four-mile stretch above Stone Harbor across the bridge from Wildwood. It's one of the last few remaining dune areas on the coast, where the sand hills sometimes rise as high as 35 feet. It's also the big weekend sandbox for young singles who come to lift their spirits and swill a few after a hard week as salesmen, attorneys, nurses, teachers and dental assistants. If the sea of humanity in Margate and Wildwood is too young and tacky for you, this is the town where you and three friends have probably decided to go in on a house for the summer. It's long on dunes and short on liquor licenses, but here are some of Avalon's summer thrills.

Avalon Hotel, 7th & 1st Ave. The Bongo Room here is full of Amazonian crapola but in seasons past it's been a good dance spot for Saturday night fever. The illumination system has those weird blue lights that make everything you have on look super-white and make your teeth glow in the dark. Play it cool and wear something black.

Princeton Hotel, Dune Dr. Phil's Rock Room is a sprawl of a tavern, one of four inside the hotel, with a long bar which runs from front to back and winds up in front of the stage, where riffs by Boston and the Beach Boys are in the good hands here of a group called Egdon Heath. Mixed dress, somewhere between preppy and whatever's clean.

Rock'n Chair, 24th & Dune Dr. In past seasons, the big hook-up spot for the rugger shirt-straight-legged jeans crowd, the flip side of 25. Most of the time it's packed, even though the jukebox takes the place of dancing and a live group. If you're based in Stone Harbor, you'll probably drift in more than once.

Whitebrier, 20th & the beach. Multi-storied motel complex a stone's throw from the beachfront, the Whitebrier is really known for great *afternoon* action. When you come off the beach Sat or Sun afternoon, before you do anything, you come here, flame around, and get a little buzz on inside, or at the patio bar by the pool. During the Sunday afternoon jam sessions is when the place traditionally hums.

Golden Inn, 78th & Dune Dr. Luxury motel complex, nice for couples or those not on the make. Last summer they featured a tripartite musical policy: Gay '90s; rock & roll; and banjo duels.

Concord Inn. Across the street from the Golden Inn, it occasionally features an outside barbecue. Festive atmosphere, good for getting juiced and listening to a live band at night, if you're not a swinging single.

STONE HARBOR

Like its next-door neighbor, Avalon, everything and almost everybody here is immaculately trimmed. No greasers. A family-oriented community like Avalon, but the after-dark action is tamer.

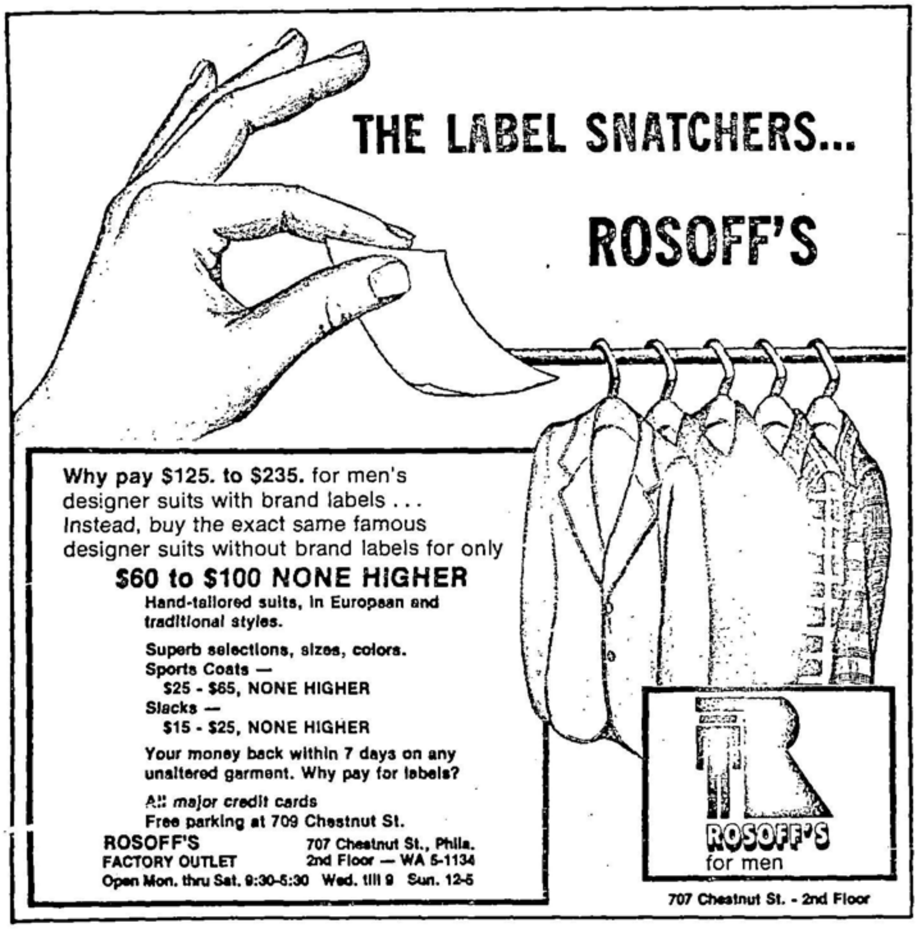
Shelter Haven, 96th & 3rd Ave. The closest thing Stone Harbor has to a disco. It's more of a classy late-20s joint for sloshing down beer and meeting a high school teacher or a lifeguard.

Hahn's, 261 96th St. Cocktail lounge inside the restaurant, where you can unwind and feed quarters into the jukebox. The patrons are usually denimed, and a couple of years either side of 25, but you can tell the over-25s. They've switched from blue jeans to white slacks.

WILDWOOD BY THE SEA

You can color it red, white and blue-collar, but with much inter-ethnic splendor: South Philadelphia Italiano, the Irish crowd from Kensington, and a sprinkling of French Canadian tourists. It's the biggest, wildest, most spectacularly honky-tonk of the family shore resorts. And in some families, two weeks in Wildwood every summer carries the same unquestioned tradition as Mass on Sunday. If you're not with your family in a futuristic, neon-bathed motel, you've bused in with friends to sack-out in a run-down rooming house in North Wildwood. No matter. It's just a place to shower. The important things are the block-wide beach by day and the sound and fury of the gin mills and rock joints by night.

Club Avalon, North Wildwood. At Oak & Walnut, it's a rundown dump of a nightclub, but do the crowds love it? Does Hoagie Carmichael love *Stardust*? As he's done every summer night for about the past 30 years, owner/host/comedian Cozy Morley walks out on the stage of his poor man's Latin Casino, rolls his eyes around the room and asks the full house, "Ain't this a toilet?" You bet. But it's guaranteed smiles for a summer night for hard-working row house-middle Americans who come like homing pigeons from Fishtown, Grays Ferry, and all the old parishes around Fairmount each summer, to cackle and roar at good—



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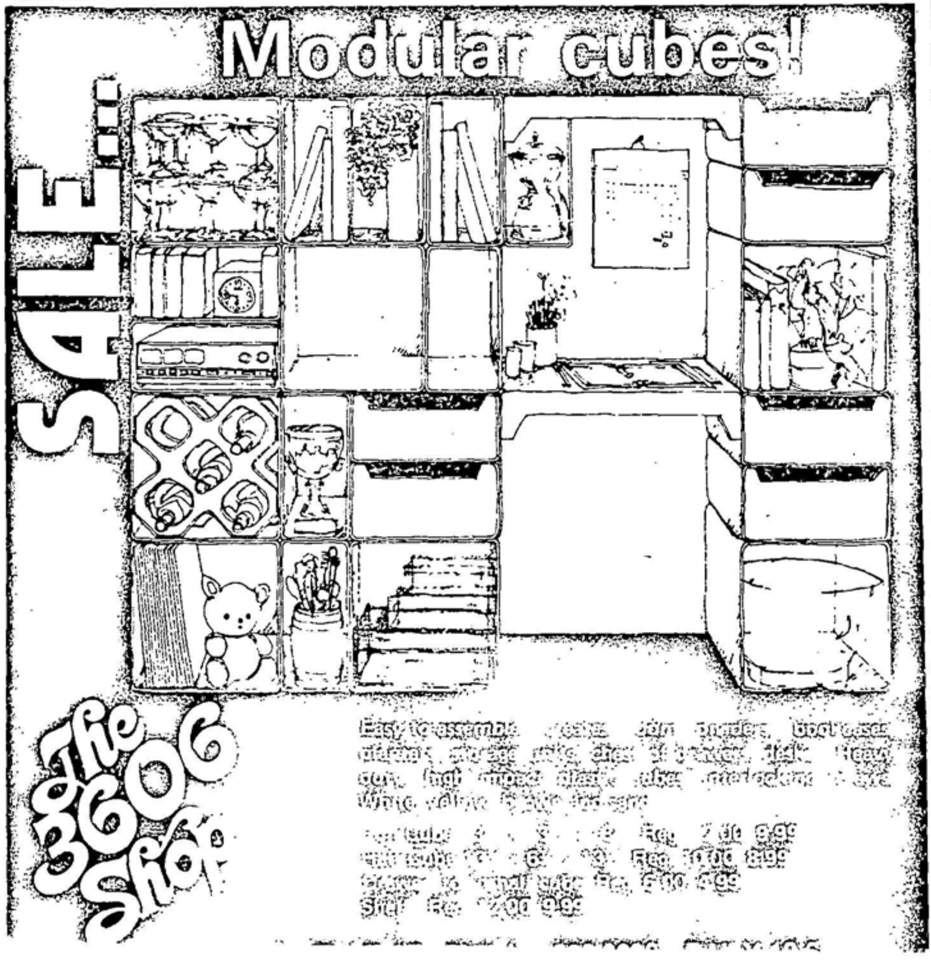

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Hurricane East, Schellenger bet. Atlantic & Pacific. Girls, girls, girls. Or is it broads, broads, broads? Well, either way, it's kicks, if you look at it as a poorboy's Folies-Bergère. Order a few rounds, and sit back and enjoy the floor show that follows on their heels—singers, comedians, and lotsa laughs.

Midtown, Atlantic & Lincoln. This downtown lounge cooks on weekends with commercial-type bands for the over-40 tipplers.

Ramada Inn, Oak and Atlantic. If you're over 30 and looking for a piece of the disco action, check out the Paris 400 inside the Inn.

Red Garter, 304 N. New Jersey Ave., N. Wildwood. If your idea of a hot time in the old town is a ragtime sing-along you'll have a lot of company in this big, brassy nightspot. Just for the hell of it, get in on the Saturday night shindigs with a rebel-rousin', floor-stompin' Dixieland band that plays for a loud and loose crowd. The Gay '90s-style red-and-white-checkered room is usually mobbed, so come early, order a few pitchers, sing your little heart out, and leave with a straw hat and red garter.

Surf Club, Oak & Atlantic. Something for every ear here. This established nightspot has added a disco room, and adjacent to that, the 500 Room is the place to be if you can never get enough Ol' Blue Eyes music.

WILDWOOD—KID ROW

Fairview, Lincoln & Pacific. Years ago this was the room where Damito Jo, Bill Haley & the Comets, and Steve Gibson & the Redcaps played. Now it's one of the hottest rooms on the rock circuit. Hokey galactic decor and four big bars to water the 18 to 22-year-old crowd, the Fairview offers a decent-sized dance floor for you to rock out to good groups like Rockin' Horse this summer. Not too dressy. In seasons past, the big gig here was a Saturday afternoon Beach Party; kids would come in right off the sand, full of lotion, with their suits on.

Mansion, 144 E. Garfield. If you're from South Philly or South Jersey, you'll probably know half the people in the place. South Jersey DJ Bob Pantano, sort of a blown-dry Blavat, programs the disco, so it's a lot of his following from Some Place Else. The room is small and the dance floor is micro-sized, but the Mansion gets excellent dancers, lots of graceful twirls and tricky footwork. If you're looking to meet a macho heartbreaker, dress hot, and practice your moves. These guys get mad if you mess up their steps.

Oasis, Pacific & Schellenger. A hotspot where the dress runs from clean jeans to three-piece suits, it's three bars big and has a packed dance floor, in front of the stage where amped-up disco groups get it on for the 18 to-24-year-olds—cliquey South Phillians and loose-armed Canadians. Smile sweetly, say "*Bienvenu,*" and you won't have to buy your Canadian Club all *night*, cheri.

Penalty Box, Pacific Ave. A stadium-sized disco studio that's the turf of the under-20s rockers who dress "phunky," haven't cut their hair since last September, and are waiting for a beard to grow. The place holds about 2,000 and has installed about three different rock bands that come on like a Howitzer with Lynard Skynard, Foreigner, Starship and such. Sort of like a Paul VI dance.

Playpen, A fairly new entry on the punk rock scene, it's a boogie warehouse in the Diamond Beach vicinity, where the dungareed 16-to-20-year-olds come to cut their teeth on stingers or 7&7, and spend half the night buzzing off the dance floor to pump quarters in the pinball machines in the playroom.

Shamrock, Pacific Ave. Always a line outside, no entertainment inside, but you can't beat the atmosphere. The place to be if you're up for a raucous Irish pub atmosphere. If you can handle the queue, what awaits you is something akin to a big old frat party, with the traditional "five-for-a-dollar," at a bar that's ten-deep on weekends. Wear

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Stardust, Atlantic & Schellenger. There is some superb footwork inside this hangar-sized club where disco and rock bands kick out the jams for the 21-to-28-year-old South Philly/South Jerseyites who know whereof they dance. Besides the fancy footwork, they dress to the nines: three-piece white suits, pinkie rings, a few hats, swirly Qiana disco dresses, hair and makeup deluxe. Very toney crowd. Make that Tony. If there's a drop of Italian blood in you, *ci vediamo!*

CAPE MAY

Tonier than Wildwood—but without the Mediterranean verve. 93 miles away from Philly on the southernmost tip of a peninsula that juts out between the Atlantic Ocean and the Delaware Bay is the summering resort that had its heyday in another era and still has the Victorians to prove it: dolled-up cottages, gabled roofs, rolling lawns, oceanfront verandas and pastel-hued summer homes, much of the gingerbread standing since the beginning of the century. But some johnny-come-lately motel complexes a few years ago began to perk up Beach Avenue after dark.

Atlas Motor Inn's Crystal Room, Madison Ave. A posho, chandeliered lounge filled with the Social Security set motortripping in from Harrisburg and Lebanon. Lots of bone shoes and bags, and sky-blue leisure suits with white belts.

Golden Eagle, Beach Ave. & Philadelphia Ave. The lounge, which overlooks the pool here at Top of the Marq is nautically cute. Quaint round tables spread with red-and-white-checkered cloths, it's a perfect place to bring a date. Great Bloody Marys.

Marquis de Lafayette, 501 Beach Ave. On the fifth floor of the motor lodge is a royal-blue room, where if you're between 35 and 75, you can sit back and sip cocktails to knock you off your rocker. If the view doesn't take your breath away first.

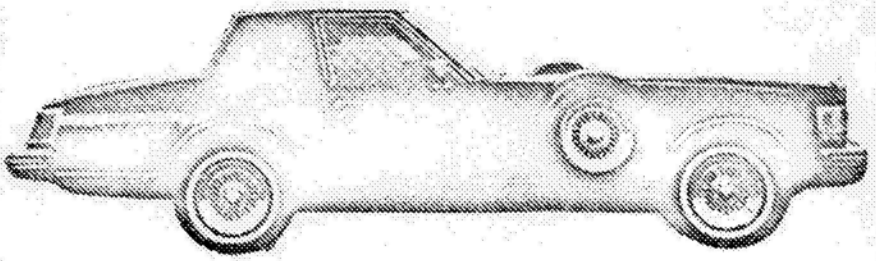
Sid's, Beach Ave. at Jackson. An oldie, but a goodie, Sid's has a reputation that's been built up from the years when it used to be sing-along Arnold's. It's right on Beach Drive, so the tavern draws a good daytime crowd who pad in and out off the beach for the Heineken draught. Very imitative contemporary-pop groups or rock bands or banjo duelists rev it up by night. If you're not in Sid's you're probably in Gloria.

Gloria, Beach Dr. at Jackson. Cape May's hottest action spot last summer, and looks like an even hotter scene this summer, pulsating with a variety of rock groups. Upstairs the Victorian-rigged complex boasts a terrific restaurant. But it's the downstairs that's wet and wild: a large bar, tables, and the bandstand with the house group, The Cape May Diamonds, going into its sixth summer. When they break, different ear-shattering bands bust it up for the loose collection of mid-to-late 20s on a dance floor that's small and always packed. What goes bump in the night is a bizarre hodgepodge of gays, straights, BPs, a little bit of the big city in genteel Cape May. On weekends, the later you stay the wilder it gets.

Kahn's Ugly Mug, 424 Washington St. Kicky place to grab a beer. On the mall near Jackson & Washington, the place is the hang-out for the crew-neck-button-down crowd from St. Joe's, Villanova, and Immaculata. Cape May has very few square inches of dance floor and on this one you could just about swing a cat around. Soft rock groups play soft rock riffs. But come when they feature bluegrass groups. They were absolutely spectacular last summer. Or just come for the clams.

C-View, Texas Ave. If you have just one chance to hit a pub in Cape May this summer, make it C-View—the vibes are wonderful. Situated right across the bridge at the entrance to Cape May, the tavern has all the traditional virtues of a great sportsmen's bar: good sandwiches; draught beer delivered in frost-caked mugs; and a well-behaved,

"A touch of elegance"



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good-natured crowd making good conversation. There's lots of intermingling, at the wooden tables or the bar, especially on Wednesday nights when it's a gumbo of: mild-mannered businessmen; guys in shorts and knee-pads coming from basketball games; girls in softball uniforms; and the coed volleyball league, who've come for the excellent pizza, along with dressy couples who've come for a nightcap after the Lobster House. On weekends, C-View fills up with daytripping fishermen, since it's situated near the marina, and lots of Coast Guardsmen in uniform, who've walked over from the base, plus musicians like the Cape May Diamonds, here to relax after the ruckus of a stint in town. The menu runs to good cheesesteaks, pizzasteaks and burgers, and the decor runs to sea paintings, a big mural of a Coast Guard cutter, animal heads, a pool table, a jukebox, and overlooking the little bridge, a big window for watching all the gulls go by.

LONG BEACH ISLAND

Head all the way down Rt. 70 and cross a causeway to a bacon strip of an island, a 20-mile string of towns which you can walk through in five minutes apiece. Here are a few places to fuel up along the way.

Seashell Hotel's Lounge, Atlantic and Center, Beach Haven. Make a right when you come off the bridge, and when you pass the wharf, you're there. This music bar attracts a well-groomed crowd, law students and young professionals, you come to relax over beers at the big, oblong bar or cocktail tables or cut loose to continuous music from one of the contemporary-pop groups on the bandstand. T-shirts and jeans would make you stick out like a sore thumb.

Quarter Deck, Ship Bottom. Not a bad watering hole for the 20-30ish age bracket. Dress casual: jeans but not cut-offs.

Joe Pop's, 20th and the Boulevard, Ship Bottom. A romper room for a younger crowd, from Bala, Overbrook Park, and downtown Philly, whose parents have summer homes down here. On the bay, it's where they come at night to shake, rattle and roll to live music.

Kubel's, 8th & the bay, Barnegat. Before they lowered the drinking age in Jersey, this Barnegat Light tavern used to be *the* place to be seen tooting around on weekends, if you were over-25, owned a home down here and a home in Merion or Rittenhouse Square. The interior is just this side of a dump, but it was always jammed on weekends with a chi-chi clientele and would erupt on Saturday nights with ethnic dancing. Still a neato place to dance. If you're under 23.

Light House Inn, 4th & Broadway. Just a hoot and a holler away from Old Barney, Barnegat Light's affectionate name for the historic lighthouse on the northerly tip of the island, the Inn's claim to fame is Leroy Lewis and His Amazing Organ. On Friday nights the spirit of Mt. Surabachi-red-white & blue-collar America-mother-and-apple pie is alive and pumping. Owner Stanley Kubiak sets 'em up for the Lawrence Welk-set who come to shoot the breeze and listen to Leroy get it on. What the keyboard whiz coaxes out of the pipes is not only *organ* music—the keyboard is wired to produce all manner of musical instrument sounds. The fact that he might suddenly open up with a glockenspiel makes the 72 seats at the bar fill up fast on weekends. Stick around till *midnight* and you'll witness a cultural phenomenon that's part-American Legion Post, part-revival meeting, and part-Yankee Doodle fever. The Grand March: a 12-year-old, 12 a.m.-tradition which moves Leroy to tap out rousing patriotic paeans, and moves the patrons to put down their whiskey sours, take up Stars & Stripes, and conduct themselves through the building with honest-to-God flag-waving, marching and choruses about fruited plains.

Okay, you have the itinerary. Now feet, do your stuff. ■■

WINNING

The odds are always stacked in favor of the house. But you can still make a bundle, if you understand them.

By Charles MacNamara

PHILADELPHIA MAGAZINE JUNE 1978

The fuzzy, wriggly, thousand-legged caterpillar that Atlantic City has become is due to come out of its cocoon as a radiant butterfly. All because casino gambling is coming to town and zillions of dollars are about to rain down as manna in the form of huge capital investments. That is one version of what is going on at the shore. It is spread gladly by boosters and government officials.

Then there is another version, just as loudly heralded. This scenario has it that behind every grain of sand on the beach lurks a mafioso, eager to dominate the casinos, the bars, and the service industries that will cater to hordes of tourists.

Amid all of the furor sight has been lost of one essential ingredient. Gambling. Sooner or later thousands from this area and just about every place else east of the Mississippi are going into shore casinos. A few of them will win big. More will lose big. And most will lose moderately. Oddly enough only a few of them will know why.

Gambling is older than the written records of mankind. It is widespread and exists in a thousand different forms. It is also dimly perceived.

Most Americans learned to play cards around the kitchen table from their smart Uncle Fred. They encountered crap games in the service. They sampled roulette on a junket to Las

Photographed by Michael Furman

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Vegas or Monte Carlo. Some of them take great pride in their skill, honed in Friday night poker games at which they rarely lose. The majority of them believe in luck.

Gambling casinos do not have to believe in either skill or luck. They don't have to because they have something better—odds. And the odds are all in their favor.

In Atlantic City, casino operations will be allowed to offer six major types of gambling—blackjack, craps, slot machines and roulette (in their order of popularity in Nevada establishments) plus wheels of fortune and two types of baccarat. (The church lobby in Jersey kept bingo out as an option.)

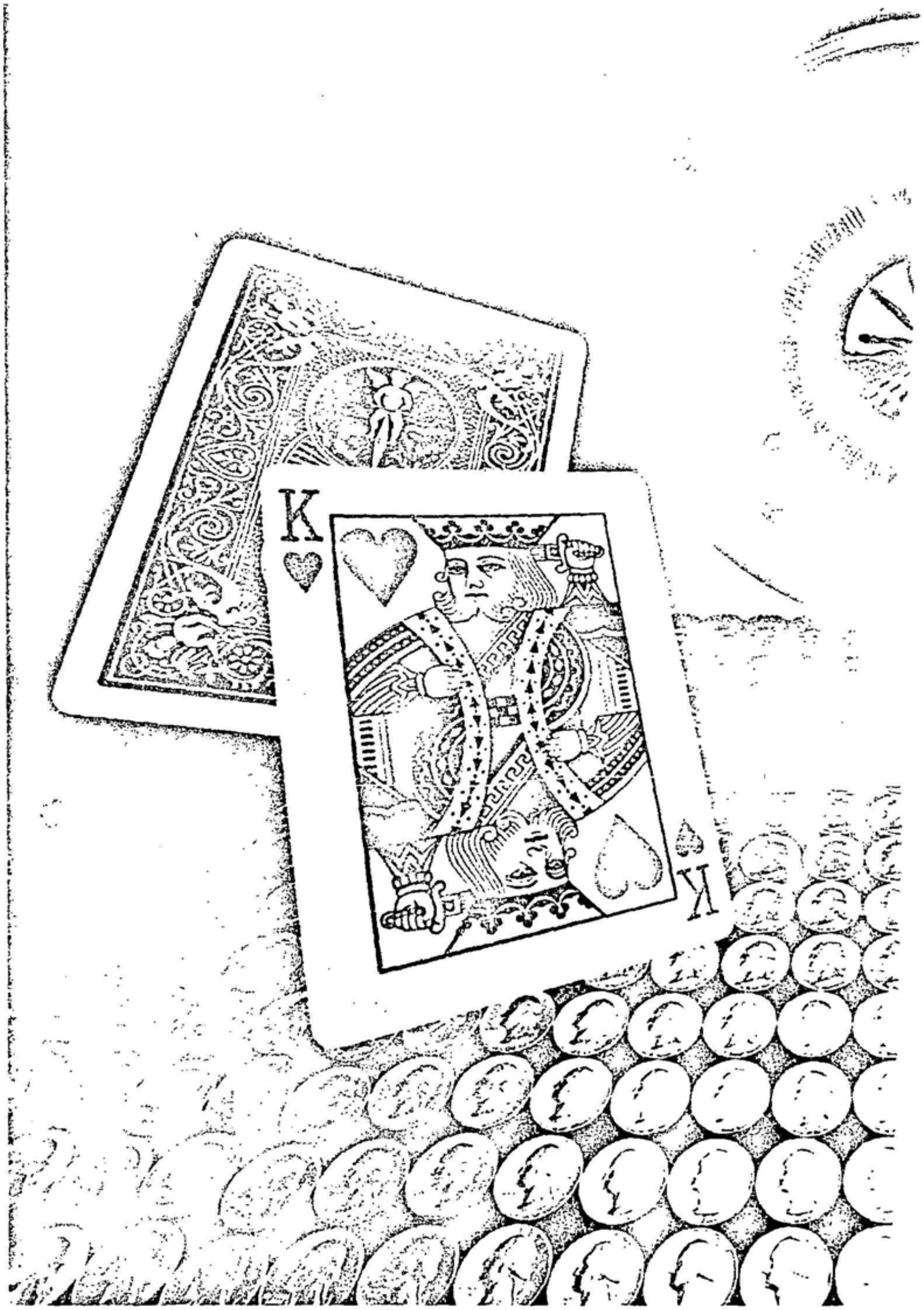
The average gambler walks into casinos blithely ignorant of some of the most basic features of each game. This article will offer potential visitors to new Atlantic City casinos—only one, Resorts International is now open—some perspective on the pitfalls and possibilities involved.

Blackjack

Without doubt, blackjack offers gamers (the nomenclature preferred by serious gamblers) the opportunity to beat the house. The game—also called twenty-one, *vingt-et-un* in France, vanjohn in England, and *Ein-und-Zwanzig* in Germany—is fast and simple. The player makes a wager, then is dealt two cards face down. If he has a face card or ten and an ace, he has a blackjack and wins immediately (providing the dealer doesn't have the same). Lacking that, his object is to come as close to 21 without going over. (There are some cases in which he has options, such as splitting a pair and playing two games or doubling the stake on a total of 11 and receiving one additional card.)

In casino blackjack, the house dealer plays against multiple players. He must hit (deal himself another card) if his total is below 17. Depending on variables, about 50 to 75 hands can be played in an hour.

Until the mid-1950s, blackjack was a safe game for the house. The big edge was that players could always bust (go over 21) before the house had to play its hand. Following the same strategy as the dealer, hitting on anything below 17, gives the player a disadvantage of 5.7%.

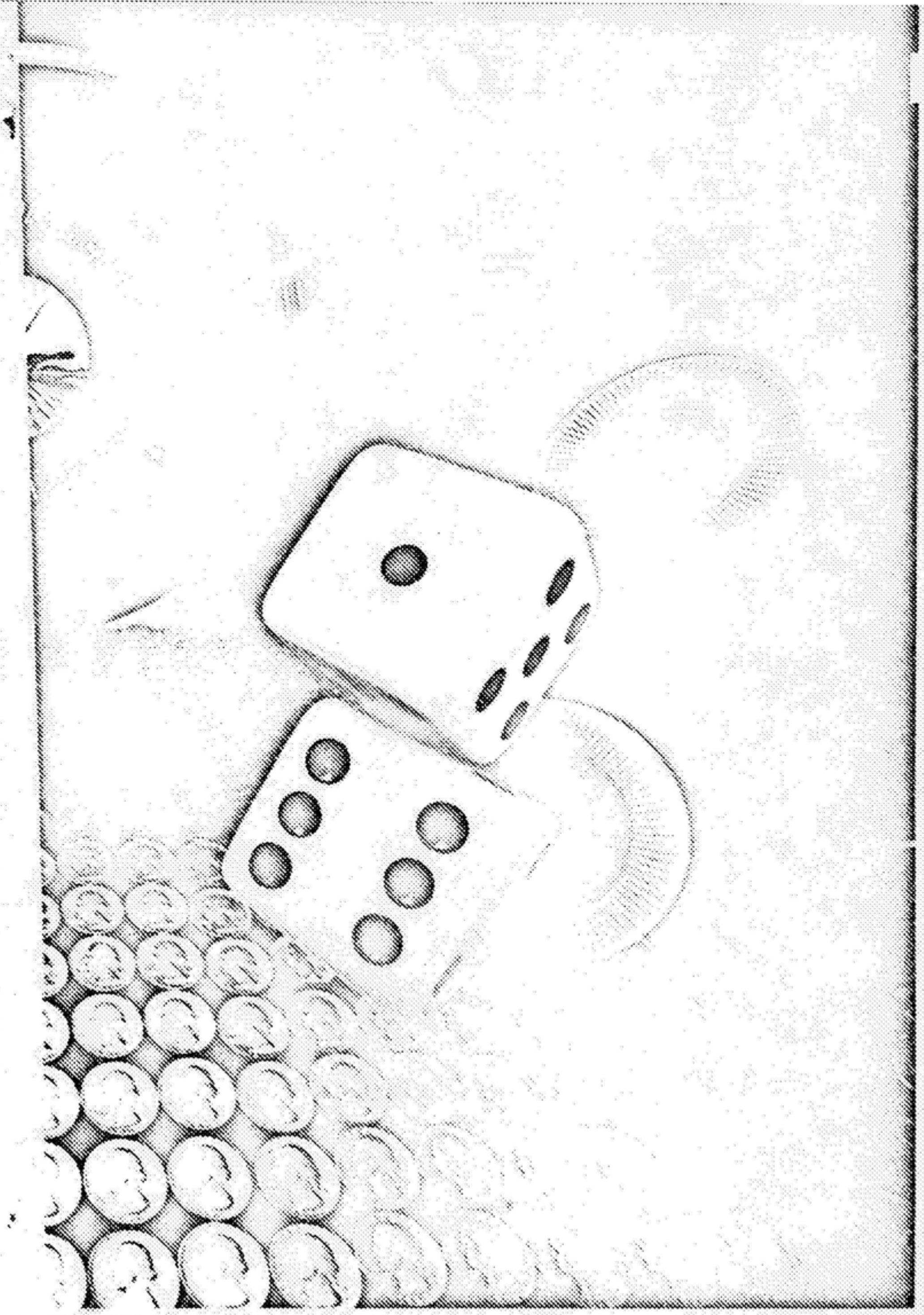


What happened, starting in the mid-1950s, to revolutionize the game was that some smart cookies in universities began analyzing the game using computers. The first significant, but highly esoteric breakthrough came in an article published in 1956 in the *Journal of the American Statistical Association*. As might be expected, the average drugstore to pick up a copy.

An economics professor at Penn recalls a meeting his professional society held in Las Vegas in the early 1960s. "By that time enough analysis had been done so that the house edge was down to zero," he recalls. "The casino dealers didn't know what was happening. Here were all these funny guys in tweed jackets sitting at tables and playing in a way that didn't seem to make sense, and winning. No one was greedy. It just seemed like a good way to make expense money with practically no risk."

The real revolution was sparked by Edward O. Thorp, author of *Beat the* able in paperback, is still the best guide to a winning strategy for blackjack. Thorp, then a math teacher at MIT, refined the initial calculations, also with a computer, and, perhaps for the first time in the history of casino gambling, found a system that really worked, giving the intelligent player an edge against the house.

In its simplest form, Thorp's strategy involves two elements. The first is keeping track of the high cards left in the deck and knowing when it favors the player and leaves the house at a disadvantage. The second half of the parlay is varying the betting (allowed at casinos) so that heavier bets are [illegible] deck is most favorable



The core of the system is keeping track of the 16 ten-value (10, J, Q, K) cards compared to all the other 36. As long as there are more than twice as many small-value cards as ten-value cards, the player should only bet a single unit. When the number of ten-value cards becomes a larger portion of the deck, the bets should be increased.

In a lengthy analysis of blackjack systems, *Rouge Et Noir News*, a newsletter of casino gaming, ruefully observed, "*Beat the Dealer*, in its first edition, was the first gambling book to hit the national best-seller lists, and this wide distribution proved to be a blessing in disguise to the casino operators. While the data in the first edition is not as accurate as that of the second edition, the initial publication provided players with data which could be used to beat the game of blackjack consistently. The problem was the fact that Thorp's ten count system is so complicated that only a small percentage of the readers could apply the system effectively in the casino environment."

The casinos decided that they could not tolerate even that "small percentage." The casinos counterattacked when they suspected a ten-counter was sitting in on the game. One way was by frequently shuffling the deck. This slowed play, cutting revenue, and annoyed non-counters. The second ploy, now in general use, was to deal from a shoe (a multipack dealing device) holding four decks instead of a single deck. When first introduced, the shoes were informally known among casino personnel as "perfesser stoppers."

During his first large-scale venture to Las Vegas to test his system (at which he doubled his $10,000 stake in 30 hours of play), Thorp encountered these tactics: "As we became known, it became harder and harder to get the casinos to play a 'nice' game. The tactics they used included refusing to give us a private table, shuffling every hand or two, switching dealers in and out, changing decks constantly (one casino switched in four new decks in five minutes), and refusing to sell us large-denomination chips." In Atlantic City, four-deck shoes will be permitted and the house can introduce new decks at any time.

Today, the Nevada casinos simply bar people they consider counters; Atlantic City has not finalized a policy at this writing. But barring players has been a sticky problem in Nevada with many court cases in the '70s, some still pending. The crux is whether casinos adjoining or part of hotels are bound by public accommodation acts.

Nevertheless counters continue to abound, if only users of simplified systems. From the trunk of Thorp's book and the early esoteric roots have grown many limbs. "Winning" systems of blackjack are marketed at anywhere from $20 to $200. As the gaming newsletter indicated, getting a feedout from a computer and applying it in casino play are different cats. Most systems require a good 30 hours of applied, concentrated study to master, and a ten-hour brush-up session is advisable before each casino visit.

Craps

The proliferation of systems, and the spread of the knowledge that at least blackjack players have a fighting chance against the house, moved blackjack ahead of craps in popularity of casino play for the first time several years ago.

Dice games go back thousands of years in many different cultures and there are countless variations. The Romans called their dice *tali*, from the ankle bones of sheep, which were the most common source. Dicing was outlawed except during Saturnalia in the Republic, but some of the early emperors—Augustus, Caligula, and Claudius—were avid players. In Christian tradition, Roman soldiers cast dice for the robe of Jesus at the crucifixion.

The modern form of craps evolved from an older dice game called hazard in the 19th century. John Scarne, the

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Winning

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foremost authority on the game, writes, "Around New Orleans sometime after 1800, the Negro tried his hand at the English hazard which the French sometimes called craps. . . . He simplified the whole procedure and began to play the game in his own way, at first probably in a number of different variations. As the game spread and the variations settled down into one standard method of play, a new and American game which the Negro called craps after the French fashion came into being—a much faster and more streamlined game than its immediate ancestor, hazard." It only moved into clubs and gambling houses frequented by whites toward the close of the century.

With dice, the odds are not always accurately known by players, but they can be precisely calculated. It was in the 17th century that the French philosopher-mathematician Blaise Pascal was approached by a gambling syndicate headed by the Chevalier de Mere and asked to calculate the exact odds of a dice game. He did and gave birth to the Theory of Probability, still a vital field in math.

Figuring the odds at craps is relatively simple once the nature of the cubes is understood. Each cube has six sides. In all there are 36 possible combinations. The hardest numbers to roll are 2 (1-1) and 12 (6-6). Each can be rolled only one way out of the 36, making the probability of such a number coming up on any given roll 35 to 1. The easiest number to roll is a 7. Six of the 36 possibilities total 7 (1-6, 2-5, 3-4, 4-3, 5-2, 6-1). This means that the odds of rolling a 7 are 30 to 6 or 5 to 1. Odds for all of the other number totals fall between these extremes.

The roller in a craps game has three possibilities on the first throw of the dice. He can crap out (lose immediately) by throwing 2, 3, or 12—a 32 to 4 possibility or 8 to 1 against these rolls. He can win immediately by rolling a natural, 7 or 11—eight possible combinations out of 36 or 1 to 3½ against. The other 24 combinations totaling 4, 5, 6, 8, 9, or 10 become the shooter's point. To win he must throw the same number again before throwing a 7.

Suppose the shooter rolls a 4. There are three ways to make a 4 (1-3, 2-2, 3-1) whereas there are six possibilities of rolling a 7. Therefore the odds are 6 to 3 (or 2 to 1) that the roller will crap out rather than make his point. The easiest points to make are 6 and 8, but even there odds of crapping out are 6 to 5.

When the roller makes his point or shoots a natural (7 or 11), he is said to pass. If craps were a precisely calibrated game, the odds of passing as opposed to crapping out would be even. However, there is a slight mathematical imbalance. It works out that the shooter has a disadvantage of 1.414% opposed to the bank (or fader) betting that he will crap out. That is minuscule—14 cents and a fraction of every $10 bet—but those are the things that bankrupt gamblers in the long run.

All this is very good to know in a back alley. Casino gambling is another ball game. The house doesn't go by the mathematical odds—they're too slim. It sets its own better odds. These are marked on a layout at the table which gives the house odds for various bets. (One of the major advances in making casino craps popular was the Philadelphia Layout first used here by a bookmaker named John H. Winn early in the century. It was the first craps layout that gave players an opportunity to bet with the house against the player.)

The house edge varies from bet to bet depending on the divergence from the actual mathematical odds. Suppose the house offers a payoff of 30 to 1 against good old Snake Eyes (1-1) being rolled. On an average cycle of 36 rolls Snake Eyes will come up once. At the house odds this will leave the player $31 out of $36 wagered, a loss of $5. This means that the house advantage on this particular bet is just about 14%. Some house advantages are better, some worse.

The best system to beat the house that Scarne was able to devise (*Scarne on Dice*) still left the house with an edge of .832%. That will leave the ultracautious gamer with $83 in losses for $100,000 of action. It's cheap entertainment. It's also bleeding to death one drop at a time.

But the beauty of a craps game is the short run. While systems players at blackjack are businesslike in their approach, craps shooters can become possessed with a fever. Although it might seem improbable, making ten passes in a row is not that rare a feat given the number of plays in a casino on a given night. Scarne gives the odds as 1,024 to 1. Years ago actor George Raft, an habitual gambler, won $18,500 in a game in which he made 13 straight passes.

Similarly, there are cases in which rollers will crap out 10 or 13 times in a row—even more frequently, given that 1.414% disadvantage that the shooter has. Scarne offers five rules for what he calls gambling sensibly at casino craps.

1. Determine how much you're prepared to lose and stop cold if that point is reached.

2. Set a reasonable amount that you might expect to win and quit while you're ahead rather than giving the odds a chance to even out.

3. Don't try to get even for yesterday's losses.

4. Bet intelligently at the odds that give the house the least advantage.

5. Try to win the amount you hoped to win in the fastest time possible. The law of averages is against you in the long run.

Roulette

As craps is distinctly American, roulette is deeply rooted in European casinos. That was the game of the man who broke the bank at Monte Carlo. But casino banks have broken far more men.

The origin and stronghold of roulette has always been France. American wheels, besides the 36 numbered slots of alternating red and black, have two additional slots—0 and 00. Gamers can make any number of bets on the board—the colors, individual numbers, and blocks of numbers. The house has an immediate advantage from the 0 and 00 on the wheel. When one of this dynamic duo comes up an average of two out of every 38 spins—better than 5% of the time—both red and black, odd and even, and all of the other numbers on the board are wiped out. Betting directly on either of these two is hardly any remedy, since the payoff is less than the mathematical odds. And the house has the advantage on other methods of betting. In Atlantic City a win on a single number pays 35 to 1 while the odds of winning are 37 to 1 giving the house an advantage of over 7%.

Roulette, although it has a certain class cachet from its European origins, has never been very big in Nevada casinos. Over a period of years the wheels have accounted for less than 5% of statewide gaming revenue.

Nevertheless, there are sellers and buyers of systems of roulette. One insists that all wheels have imperfect balance and that individual wheels should be studied carefully to determine what they are and bet accordingly. Another, selling for $20 a shot, advises the bettor to wait until a color has come up four times in a row and then bet the opposite color. This is commonly called "gambler's fallacy." The wheel, like the dice, does not have a memory. The odds are the same on each spin, just as they are for a coin toss.

In *Beat the Dealer* a dozen years ago Thorp mentioned that he was examining roulette odds with a computer. Evidently snags must have developed because he has yet to break the bank.

Baccarat

The casino game that is probably the least familiar to casual gamblers is baccarat. It is traditionally a game for high rollers. The goal is to get two or three cards totalling nine or as close as possible on the lower side. Picture cards and tens count zero. A total of ten counts zero. Thus 9 and an 8 which add up to 17 count as a total of 7.

Resorts International will offer two versions of the game: "Chemin de Fer," from the French for railroad, pits one player acting as the bank against another player, with the house cutting itself in for a 5% commission. At "Punto Banco" the house plays against the field of players, much as at blackjack. The rules, of course, favor the house.

The game has a strongly European flavor. It is expected that some of the biggest plungers at the baccarat tables will be Arab businessmen who do their wheeling and dealing in New York.

Slot machines

As for slot machines, they are strictly for old ladies and chimpanzees. Since the old mechanical devices were phased out in favor of electric models in the 1940s, they no longer even have any endearing antique grace. They are not nicknamed one-armed bandits for nothing. The return to the house can be astounding, as much as 40% depending on how the machines are set. The Jersey Legislature set the Atlantic City payoff at 83%. For every $100 worth of nickels, quarters or dollars you drop in the machine, chances are you'll get $83 back in payoff. Then if you put that $83 back in, you'll get back $68.89 and so on until your money disappears completely. But every so often one of those little old ladies will step up to a machine that's been eating coins all evening and as lady luck will have it, end up with a lapful of silver.

Suffice it to say that even the most sophisticated machines will pay for themselves in short order. After that it's gravy for the casino and the Jersey tax coffers with the only risk involved that the house's cashier will get a hernia lugging away the loot.

THERE IS ONE general system for casino betting that should be mentioned. That is the Small Martingale, more commonly known as doubling-up. In this system, no matter what the game, the gambler doubles his original bet if he loses. He continues doing this until he wins, at which time he is ahead his initial wager. In theory this works fine. In practice it is a no-no. The flaw is that casinos set maximum amounts on bets. Eventually the bettor will hit a string where doubling-up will not be permitted and the system collapses like a house of cards.

* * *

ESP might be as sound as most of the gambling systems devised. If Dr. Rhine and his fellow researchers at Duke are correct, there are people with precognition. Intuitively they might be a better risk to break the bank than the most skilled systems player. Unfortunately, in psychic powers, according to research, there is also an ESP factor called psi-missing—which results in an abnormal number of misses. For every precognitive winner walking into a casino, there is probably a psi-missing born loser. The result is that the house odds hold even.

* * *

Whenever there are large sums of money floating around, as there certainly are in gambling casinos, there is the temptation to get that extra edge—otherwise known as cheating. New Jersey gaming officials insist that gambling in Atlantic City will be considerably purer than the sand on the beaches. That may be so, but the temptation will be there.

One of the biggest scams in recent Las Vegas history involved a ripoff of a casino by staff members to the tune of millions of dollars. That is hardly in the category of slipping rigged dice into a crap game. Another alleged Nevada abuse is skimming—the practice of taking cash off the top and simply not reporting it as income. In that case the losers are the government bodies who are bilked out of tax revenue.

Despite inherent pitfalls and the unlikelihood that the next New Jersey millionaires are going to be on the customer side of the tables, gambling does have psychic rewards.

A retired management consultant now living in a high rise on Kennedy Boulevard still fondly recalls a visit to Las Vegas years ago. "I was really hot," he smiles. "It was at the crap table. I started playing at midnight and at one point a few hours later I was $7,000 ahead. They started coming at me in waves. The house bought me so many free drinks I was surprised I was able to stand up. In the end they got all their money back but $300."

Today his mature advice is to stay away from booze if you're going to do anything but play the slot machines. He also insists that a serious gambler should stay away from marathon sessions and wager only when mentally fresh, even if this involves frequent rest breaks.

Perhaps the best advice to the novice casino gamer, and there will be a lot of them in Atlantic City, is to remember that—because of the way the odds are set—it is only he who is gambling. The house is simply operating a riskless, profitable business. ■■

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Casino's winnings rise 22%, hitting $534,627 a day in June

By George Anastasia
Inquirer Staff Writer

TRENTON — The Resorts International Hotel Casino in Atlantic City, the only legal casino on the East Coast, took in more than $16 million during June for an average win of $534,627 a day.

A monthly report to the New Jersey Casino Control Commission, released yesterday, showed that the average daily win for June — the first full month of Resorts' operation in Atlantic City — was 22 percent higher than the daily win listed in the first report, which covered the last six days of May.

The casino averaged $438,504 in daily winnings from May 26 through May 31, according to that first report.

Projected over a year, the June winnings would mean that if gamblers continue their frenetic pace, the casino will take in $192 million — nearly double what Resorts' officials had predicted before opening.

The casino's win — actually the total lost by gamblers — is the amount of money the casino takes in its gaming tables and slot machines prior to taxes, operating costs and wages. A casino's profit is estimated to be about 20 percent of its winnings.

New Jersey's share of the casino operation is 8 percent, with the money earmarked by law for programs for the elderly and the handicapped. This will amount to $1.2 million in June alone.

According to the report, the casino's slot machines accounted for approximately $7.2 million in winnings for June and its gaming tables brought in $8.8 million.

Resorts chairman James M. Crosby said he did not expect the casino to continue winning at the same pace during the winter, traditionally the slowest time of the year in Atlantic City. But, Crosby said, he hoped his casino could avoid the 10 to 15 percent wintertime slump experienced by casinos in northern Nevada.

Resorts has 893 slot machines and 60 gaming tables in its 33,000-square-foot casino. The casino, which can accommodate about 5,500 people, has been at or near capacity every day since it opened.

During Memorial Day weekend and again over the just-concluded Independence Day weekend, Resorts officials estimated that more than 100,000 people passed through the gambling palace.

Resorts is awaiting state approval to increase the size of its casino by about 70 percent. The new wing, which is ready for operation, will include 461 additional slot machines and 56 gaming tables.

Resorts, a Miami-based firm that also operates casinos in the Bahamas, was the first to take a risk on Atlantic City becoming a gambling mecca.

The company purchased the former Chalfonte-Haddon Hall hotel on the Boardwalk at North Carolina avenue and spent nearly $40 million to modernize and convert it.

Resorts, monopoly on the city's casino trade is expected to remain unchallenged until at least next summer.

By comparsion, if Resorts' projected $192 million annual winnings were translated into gross sales receipts, it would place the firm in the 706th position among Fortune maga- dustrial companies.

Resorts success has been reflected in the price of its Class A and Class B stock, both of which could have been purchased for less than $10 a share piror to the November 1976 casino gambling referendum in New Jersey. Yesterday, the Class A stock closed at $86 a share, up $12.75 from Monday's close. The 17.4 percent increase made Resorts the most active stock on the American Stock Exchange yesterday. The class B stock picked up 12 to close at 90.

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Philadelphia, Pa.

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FD-350 (Rev. 10-19-77)

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Casino dealers will vote on union

Dealers at the Resorts International Hotel Casino in Atlantic City will vote Aug. 31 on whether to join one of three unions seeking to represent them, the National Labor Relations Board (NLRB) said yesterday.

Peter Hirsch, NLRB regional director, said the 500 dealers would be asked to choose one of four options on the ballot in the representation election:

Casino Dealers Professional Association, an independent "in-house" union; the Hotel and Restaurant Employes and Bartenders International Union, Local 54; the Sports Arena Employes Union, Local 137; or "no union."

Hirsch said that if none of the choices received a majority of the votes cast, a runoff election with the two top choices would be held.

Another union that had indicated an interest in representing the dealers, the International Brotherhood of Teamsters, Local 158, failed to appear for an election hearing and will not be on the ballot, Hirsch said.

He added that Resorts "did enter into this election agreement. If they wanted to contest the propriety, they would not have entered into such an agreement."

Voting will be from 5 to 9 p.m. in a banquet room at the hotel, Hirsch said. Results should be available that night.

Besides the dealers, about a dozen employes who supervise slot machine operations will be eligible to vote.

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P2C "The Philadelphia Inquirer"
Philadelphia, Pa.

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Gambinos' holiday at baccarat table

By George Anastasia
Inquirer Staff Writer

TRENTON — They were, by all accounts, high rollers who were dropping quite a bundle at the baccarat tables at the Resorts International Hotel Casino in Atlantic City.

So it was not unusual for the casino manager, eager to please good customers and potential big losers, to offer the two gamblers and their guests complimentary rooms and meals during their stay at the hotel-casino over the Fourth of July holiday.

The problem was not so much the preferential treatment — free meals and rooms that, according to at least one source, cost more than $2,000 — as it is the names of the recipients: Guiseppe and Rosario Gambino.

They are cousins of the late "boss of bosses" in the New York mob, Carlo Gambino. They are also associates of the man believed to be the boss of Philadelphia and South Jersey organized crime, Angelo Bruno. They were key figures in last summer's State Commission of Investigation (SCI) hearing into organized-crime infiltration in Atlantic City.

Neither Guiseppe nor Rosario Gambino, owners of Valentino's Restaurant in Cherry Hill, could be reached for comment yesterday. Both have said before that they have no association with organized crime.

Their presence in the casino and the reception they were accorded have raised more than a few eyebrows at state law-enforcement agencies and reddened the faces of Resorts officials, who are highly protective of security and reputation.

The New Jersey Casino Control Commission and the Division of Gaming Enforcement are "looking into" the incident, which Resorts officials described yesterday as an honest mistake.

Neither the casino manager on duty, Edward Jordan, nor his immediate superior, the Resorts vice president for casino operations, Walter I. Rogers, knew who the Gambinos were, Resorts Chairman James Crosby said yesterday.

Crosby, Resorts President I. G. (Jack) Davis and chief counsel Joel Sterns were in the Statehouse here yesterday to present Gov. Brendan T. Byrne with a check for $1.28 million. The money was the state's 8 percent take from the casino's $16 million win for the month of June.

Reporters present for the check-presentation ceremonies asked about the Gambino visit.

"I'm just glad to hear they were dropping money, not winning," Crosby said in an attempt to make light of the obviously embarrassing situation.

Later both he and Sterns said Resorts hoped to get some guidelines from the state about who should and should not be allowed in the casino.

"We won't give comps (complimentary rooms and meals) to people regarded as questionable," Crosby said. "In this case, they just slipped through our management."

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RESORTS INTERNATIONAL, INC., ATLANTIC CITY, N.J.;
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SAC, NEWARK (183-516)

Re Newark airtels to Philadelphia, dated 6/7 and 6/9/78.

Enclosed for Newark (Atlantic City RA) is one xerox copy of each of the following:

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1) Memo dated 3/14/78, [redacted] to [redacted].
2) Rouge et Noir News, dated 4/10/78; Vol. 10; #4.
3) Memo of U.S. Department of Justice dated 4/18/78 (CAM).
4) Four page insert prepared by SA [redacted] of information from [redacted] (SAC, NK was furnished this insert via airtel 6/6/78).

Concerning leads set out in Newark airtel 6/9/78, SA [redacted] advised that FD-302 and notes of interview of [redacted] on 4/12/78 at Sicklerville, N.J., were all forwarded to SA [redacted] and included in case file at Newark on [redacted]

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SA [redacted], Allentown, Pa., is covering lead to interview [redacted]

Philadelphia will advise Newark when [redacted] lead is completed.

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FD-350 (Rev. 10-19-77)

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Resorts International to buy slot company

Associated Press

ATLANTIC CITY — Resorts International Inc., which owns the Northeast's first legal casino, announced yesterday that it would buy a small Chicago slot-machine firm and make its own machines in New Jersey.

Resorts International Chairman James M. Crosby said his firm would take over the slot-machine division of Williams Electronics Inc., maker of Seeburg slot machines.

"We thought we'd like to be in the slot-machine business because we had a difficult time getting our slot machines," Crosby said. "We partly want to guarantee our supply and we partly want to open another business in South Jersey."

Crosby said Resorts International would take over the entire Seeburg division in return for 49,000 shares of its Class A stock. He said Williams Electronics had the option to reacquire half of the division if the firm was licensed as a manufacturer by the New Jersey Casino Control Commission.

Louis J. Nicastro, chairman of Xcor International Inc. of Chicago, which owns Williams Electronics, said the agreement meant an equal partnership in the slot-machine business with Resorts International.

The aim, Nicastro said, was to challenge the slot-machine supremacy of Bally Manufacturing Corp. of Chicago.

Williams Electronics sued Bally this spring in Chicago federal court, charging that Bally had a monopoly on the slot-machine business.

Glenn Seidenfeld, Bally's general counsel, said there were no firm figures on how much of the market Bally controlled, but he estimated that it was more than 80 percent.

Resorts International's casino here, which opened May 26, has about 900 Bally machines and about 250 Seeburg machines. The company reported that about 55 percent of the casino's "win," or the amount lost by gamblers, came from its slot machines.

New Jersey law prohibits a casino from acquiring more than half of its slot machines from one manufacturer. However, the New Jersey Casino Control Commission granted Resorts International a number of exemptions after company officials said Bally was the only firm that could supply enough slot machines in time for the opening.

Nicastro said the deal did not involve Seeburg Industries Inc. of Chicago, a family-owned firm that makes amusement games and vending machines.

(Indicate page, name of newspaper, city and state.)

P5C "The Philadelphia Inquirer"
Philadelphia, Pa.

Date: 6/28/78
Edition Vol.# 298 No.# 179

Title:

Character:
or
Classification:
Submitting Office: PH

92 — 4464-73

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In Ref

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Gambino Kin Get Free Ride

Trenton — (AP) — Top officials of Resorts International say they were unaware that two relatives of the late New York crime boss Carlo Gambino received free rooms, drinks and food while gambling last week at Resorts' Atlantic City casino.

"We won't give complimentaries to people we suspect of being connected with organized crime," Resorts Chairman James M. Crosby said yesterday. "Big bettors receive complimentaries. This one slipped through our hotel manager."

Giuseppe (Joseph) Gambino, who also is the owner of Valentino's Restuarant in Cherry Hill, N.J., and his brother, Rosario (Sal), received the "complimentaries" from Resorts vice president and hotel manager Edward H. Jordan.

The men, distant cousins of the late crime boss, were described in local press reports as heavy bettors at the casino's baccarat tables during the July 4 weekend.

They never have been convicted of any criminal activities and have denied that they are involved in organized crime. But during State Commission of Investigation hearings last year, they were linked to the Gambino crime family and to reputed Philadelphia underworld figure Angelo Bruno.

Governor Byrne, who met with Crosby here yesterday, said he was not familiar with the two Gambinos, but he suspected that Resorts didn't relish the publicity surrounding their free stay at the casino.

"If I were running a casino, I would be very conscious of my image and I suspect that the people who run Resorts are very conscious of theirs," Byrne said. "I suspect they (Resorts) feel they will be hurt by this kind of publicity and would not like to see a repetition."

Crosby and Resorts President I.G. (Jack) Davis came to Trenton to present a check for $1,283,857 to Byrne as the state's first share of casino profits to be used to benefit senior citizens.

State Treasurer Clifford Goldman estimated the state would have up to $12 million in the senior citizens relief fund by the end of next June.

Byrne said he hoped legislation to disburse the money for the seniors would be completed by the end of this year. State law requires casino operators to provide monthly payments of 8 percent of casino profits to the state.

Regarding the Gambinos' complimentary stay, Davis said Resorts' policy for granting free services to gamblers is "discretionary" and is not linked to specific amounts wagered. He said various casino shift bosses and management personnel are authorized to grant free services.

"We're dealing with people who have never been convicted of a crime," said Resorts lawyer Joel Sterns. "Are you going to tell me that every Gambino in the phone book in the United States is a member of organized crime?"

#1

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(Indicate page, name of newspaper, city and state.)

P17A "The Evening Bulletin"
Philadelphia, Pa.

Date: 7/7/78
Edition: 4 Star

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Classification:
Submitting Office: PH

92-4464-74

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[redacted]

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Thomas P. Griesa
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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/10/78

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[redacted] (protect), [redacted] [redacted] telephone [redacted], was interviewed and furnished the following information: b6 b7C b7D

[redacted] stated that [redacted]

[redacted]

[redacted] stated that he talked to the State of Florida Crime Commission in Jacksonville, Florida, during March or April of 1978, and furnished this information to them. He does not remember the exact name of the agent to whom he talked, but believed it to be similar to [redacted] stated that he does not remember talking with anyone from the New Jersey Division of Gaming Enforcement. b6 b7C b7D

Orig + 1 to NWK
by Letter 7/20/78

Investigation on 6/27/78 at [redacted] File # Philadelphia 92-4464-75 b6 b7C b7D

by SA [redacted] Date dictated 7/3/78

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

7/20/78

SAC, PHILADELPHIA (92-4464) (P) (SQ 1)

RESORTS INTERNATIONAL, INC., ATLANTIC CITY, N.J.;
RICO; (OO: NEWARK)

SAC, NEWARK (183-516) (ACRA)

Re Philadelphia letter to Newark, 6/30/78.

Enclosed for Newark is the original and one copy of an FD-302 regarding the interview of [redacted] [redacted] at [redacted], on 6/27/78, by SA [redacted] [redacted]

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2 - Newark (Encls. 2) (RM)
2 - Philadelphia (92-4464) (SQ 1)

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[redacted]

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Indexed
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92-4464-76

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Jersey Is Investigating Penthouse Casino Bid

By DONALD JANSON

The New Jersey state police have begun an investigation into court findings in Britain that Penthouse Casino Ltd. let criminal elements use its premises when it operated a London casino in 1971.

The investigators are also attempting to determine whether organized crime was involved in a recent acquisition by Penthouse International of a Boardwalk hotel in Atlantic City.

The preliminary investigation follows an announcement by Penthouse that it plans to apply soon for a license to operate a gambling casino in Atlantic City. When the publishing company applies, the investigation will be taken over and expanded by the New Jersey Division of Gaming Enforcement. All applicants are investigated by the division.

The company denies any criminal associations or wrongdoing.

Inquiry in Several Areas

Allegations by London police investigators, upheld in court, were that Penthouse Casino Ltd. illegally permitted nonmembers, including criminals, to use the casino.

The New Jersey investigators have begun inquiries in Britain, New York, New Jersey and Pennsylvania to seek answers to such questions as the following:

¶What is the significance of a London court's order in 1971 removing the license of Penthouse Casino Ltd. after London authorities alleged that the operators were "not fit or proper persons" and had admitted "undesirable criminal elements" to the casino?

¶Why has the Gaming Board for Great Britain refused, following required investigations into the character and the reputation of the applicant in each of the last eight years, to permit Penthouse to be licensed to try again?

¶Why did Penthouse discontinue operation of a casino on Krk Island in the Adriatic Sea in 1971 after obtaining a contract with the Yugoslav Government and operating there for six months?

¶Is it significant that Penthouse purchased Atlantic City property for a casino from persons who law enforcement agencies link with organized crime?

¶Can Robert Guccione, the 46-year-old publisher of Penthouse, Viva and Forum magazines, finance his planned multimillion-dollar Atlantic City casino from his magazine profits, as he says, or does he have undisclosed backers?

Hidden Interests Sought

Mr. Guccione has said that he makes $00,000 a week before taxes. He said in a recent interview in his Manhattan town house that he had already spent $15 million on Atlantic City property and other pre-casino operations and planned to start construction soon on a $15 million project to convert the Holiday Inn and the Four Seasons Motel into a casino-hotel to be called Penthouse Atlantic.

Mr. Guccione is founder and sole owner of Penthouse International Inc. Unlike the case with publicly held companies listed on stock exchanges, the Penthouse balance sheet is never revealed.

"We have no intention of going public or revealing earnings," Gerald Adler, a lawyer for Penthouse, said at corporate headquarters in Manhattan.

Consequently, New Jersey investigators said, one point of concentration in their planned investigation will be to try to determine whether there are any hidden interests in a prospective Penthouse casino.

Seller's Background 'Immaterial'

His first casino, Mr. Guccione said, will be followed by the razing of the Mayflower Hotel, also on the Boardwalk, to make way for a new "$60 million-plus" casino-hotel next year. He said he hoped it would prove possible to finance construction of the second casino-hotel with cash flow from the first.

He bought the 300-room Mayflower for $2.2 million from Vincent A. Pagano on March 20, according to records in the Atlantic County Clerk's office in Pleasantville, N.J.

Vincent Pagano is a resident of Philadelphia and, according to state and Federal law enforcement agencies, he is an associate of Angelo Bruno, reputed organized-crime boss in Philadelphia and South Jersey.

Mr. Adler, the Penthouse lawyer, said Mr. Pagano's background was immaterial.

"We don't investigate people we buy property from," he said.

Kefauver Investigated Broker

Records on file in New Jersey show that, shortly before the sale to Penthouse, Mr. Pagano obtained the property from Frank J. Jock, Anthony S. DiSalvo and Saul Savitch for $1 and a promissory note. Mr. Jock and his associates had bought it last year for $1 million less than Penthouse paid.

An affidavit by an agent of the Federal Bureau of Investigation in a Federal case in Philadelphia, quotes an informant as having identified Anthony Silvio DiSalvo as a Philadelpia loan shark and associate of Mr. Bruno. Federal and state law enforcement agencies in Philadelphia also link Mr. Jock to the reputed Bruno crime family."

(Indicate page, name of newspaper, city and state.)

P1A "The New York Times"
New York, N.Y.

Date: 7/10/78
Edition: Vol.# CXXVII No.# 43,997

Title:

Character:
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Classification:

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92-4464-77

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Mr. Jock is the nephew of Herman S. Orman, an Atlantic City real-estate broker. In 1951, the Senate subcommittee investigating organized crime, headed by Estes Kefauver, named Mr. Orman as the rackets figure who controlled all illegal gambling enterprises in the resort.

Mr. Orman served as the real-estate broker, Mr. Adler said, in a Penthouse effort to buy the Shelburne Hotel in Atlantic City last year. That deal fell through. Mr. Adler said the Penthouse real-estate agent in the Holiday Inn acquisition was Stanley Freund. Mr. Freund works for Herman Orman Associates.

London Club Opened in 1969

Mr. Guccione attributed the short life of his casino operation in Yugoslavia to interference from the Government. He said he pulled out for that reason after a single tourist season.

Mr. Guccione said he opened the London Penthouse Club in 1969, at 11 Whitehorse Street, for the sole purpose of putting a casino in it. A year later, he opened the casino. But, he said, as a result of the closing of the casino by the British in 1971, after one year of operation, he has been losing $10,000 a week on the club.

Even so, he said, he will continue to keep the club open and continue to apply each year for a new casino license because he knows of nothing that should disqualify him for one.

The first step in obtaining a license from a London magistrate is to get a certificate of consent from the Gaming Board for Great Britain. The 1968 British gaming-control legislation, passed to prevent inroads in the gambling business by organized crime, created the board and required it to investigate the character, the reputation and the financial standing of prospective operators, managers and financial backers of proposed casinos each time a license was sought.

$1 Million in the Bank

The board has investigated and refused Mr. Guccione's application each year since 1971.

Mr. Guccione said that, in 1969, he had had $1 million in the bank and that it took that much to convert and furnish a building in the Mayfair section of London for the club. Because he could not afford to equip, staff and operate a casino in addition, he said, he franchised a casino operation within the club to a group of London investors who also owned a casino called Pair of Shoes.

United Press International

Robert Guccione

The contract with the group, known in London as the "city syndicate," called for payment to Penthouse of half of the operating profits of the casino.

He said the city syndicate formed Penthouse Casino Ltd. and obtained a license in 1970. He said the gaming board required that he serve as a director of the casino company but that he had no voting rights.

Action by Commissioner of Police

One of the board's rules for casino operation is that new members and guests must wait 48 hours after applying to gamble in a casino. In 1971, the Commissioner of the Metropolitan Police charged that Pair of Shoes and the Penthouse casino flagrantly violated this rule. The South Western Magistrate's Court agreed and canceled their licenses.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Steel Pier purchased by casino

By Harry Gould
Inquirer Staff Writer

ATLANTIC CITY—The Steel Pier, home of the diving horse act and one of this city's more venerable entertainment landmarks, has been sold to Resorts International Inc. amid rumors that it will play a role in the city's new casino era.

The announcement that Resorts had purchased the onetime glamor showplace, which has since become a haven for honky-tonk rides and penny-ante concessions, was made yesterday in a terse, prepared announcement.

The statement said that Resorts will obtain the 2,250-foot pier from its current owners for 45,000 shares of unregistered Class A common stock. The stock closed at $85.50 a share Monday, which would mean that the deal was worth approximately $3.8 million.

Resorts also will assume an existing $1.8 million mortgage on the property.

The 80-year-old pier is across the Boardwalk from the Resorts International Hotel Casino. About a block beyond the pier are 56.6 acres of vacant urban renewal property where the firm plans to build a new 1,000-room casino in the next few years.

Officials at Resorts refused to comment on possible future plans for the pier, but speculation yesterday centered on the possibility that the operators of Atlantic City's only casino may develop part of it into a heliport to serve its casino.

The sale is scheduled to be completed Aug. 1. The present owners of the pier will continue to operate it through Sept. 10, according to the announcement.

The proximity of the pier to Resorts' holdings has helped to fuel speculation that the firm intends to link the pier with the operation of either the present hotel or the proposed one. Resorts officials would say only that its plans will be announced later this year.

The pier is now owned by a partnership of Atlantic City businessmen who also jointly own the Million Dollar Pier. The seven-man group is made up of hotel owners Milton Newstadter and Maxwell (Sonny) Goldberg, accountant Albert Gardner, attorney Sherman Kendis, Albert Rothenberg, Howard Bachrach and Lawrence Alper.

Built in 1898, the pier's first performer was a young comedian named W. C. Fields. Since then, it has been the showcase for a stream of world-renowned singers, dancers, acrobats and musicians, including Al Jolson, Annie Oakley, Enrico Caruso and John Philip Sousa.

Under the direction of the Hamid family, which operated the pier from the early Twenties until 1975, the pier consistently sought family-type entertainment, blended with popular rock and soul acts. Once the Hamid family booked the Beatles (in 1964), but it canceled the appearance when it became apparent that the pier could not safely hold the crowd of young fans likely to show up.

The current owners took over operation of the pier in 1975 and spent more than $3 million to create the "New Steel Pier," bringing to it a new array of amusement rides and other attractions that never quite caught on. There was also much resistance to the $6 admission fee in the last few years.

Admission was free this year and attendance was up, but operating partner Lawrence Alper admitted that his partnership's initial investment was not returned. "We felt it was time to move on," Alper said.

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Pg 1

(Indicate page, name of newspaper, city and state.)

P1A "The Philadelphia Inquirer"
Philadelphia, Pa.

Date: 7/18/78
Edition: 2 Star

Title:

Character:
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Submitting Office: PH

92-4464-78

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JUL 1978
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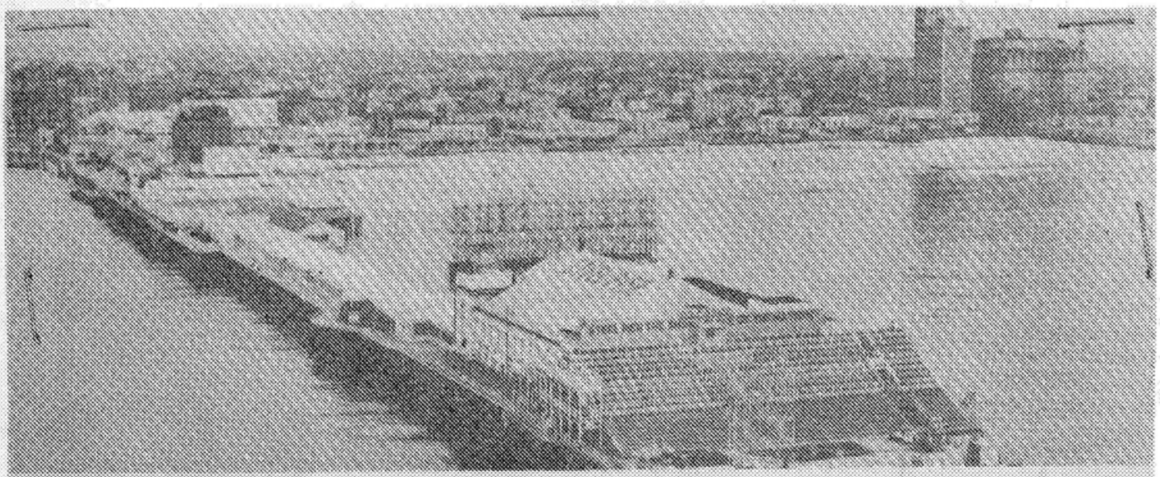

Associated Press

The 80-year-old pier was at one time a showcase for stars of the entertainment world

7/26/78

SAC, PHILADELPHIA (92-4356) (P) (SQ 1)

POSSIBLE INFILTRATION OF ORGANIZED CRIME INTO
LEGALIZED CASINO GAMBLING, ATLANTIC CITY, N.J.
(OO: NEWARK)

SAC, NEWARK (92-4651)

Enclosed for Newark is one xerox copy of material in regards to [redacted]

The above material was obtained from [redacted], Pennsylvania State Crime Commission, Harrisburg, Pa., who obtained this material from the Kentucky State Police after [redacted]

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2 - Newark (92-4651) (Encls. 1)
2 - Philadelphia
    1 - 92-4356 (SQ 1)
    1 - 92-4464 (SQ 1)

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92-4464-79

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Resorts just keeps taking it in

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Last month Resorts International was the talk of the gambling industry when it announced that its casino here had pulled in a phenomenal average revenue of more than $500,000 a day from its gaming operations during its first month.

Most observers considered the "win" staggering, even for an industry in which multimillion-dollar revenues are commonplace.

Yesterday Resorts gave casino industry observers another financial shock when it announced that its average daily revenue for July was $666,209, 25 percent above June's.

Resorts, raking in the chips at a staggering pace at the East Coast's only legalized gambling casino, reported to the New Jersey Casino Control Commission that its gross "win" revenue from the slot machines and gambling tables in July was $20,652,497.

The "win" figure represents the company's gross revenue from gaming operations — in other words, the amount patrons lost — before deducting any operating expenses or taxes.

Officials in the gambling industry estimate a casino's profit at about 20 percent of its "win."

"I think the numbers speak for themselves," said an obviously pleased Raymond Gare, a Resorts vice president. "We thought business was going to be good in Atlantic City and our feasibility studies showed a demand (for casino gambling) here, but I don't think anybody anticipated the casino going at 100 percent capacity for all the hours it's been open."

The Resorts casino opened here May 26 and has attracted capacity crowds ever since. This has been good news not only for Resorts but for the state as well.

New Jersey's take from the casino operation, which under state law must be used to reduce property taxes and utility bills of New Jersey's senior citizens, is 8 percent of the win. Resorts has already turned over $1.3 million to the state treasury as the state's share of May and June earnings.

Based on yesterday's financial report, the state will receive an additional $1.6 million in taxes on the casino's July earnings. July's increase, while attributable in part to the continued interest in casino gambling here, also reflected an increase in the size of the casino.

Three weeks ago the New Jersey Casino Control Commission allowed Resorts to increase its casino floor space from 33,000 to 54,000 square feet and to add more than a dozen gaming tables and 150 slot machines

This increased the casino's capacity from 5,500 patrons to 7,000 patrons.

Resorts plans at least one more expansion of the casino and is awaiting the licensing of more dealers and service personnel.

(Indicate page, name of newspaper, city and state.)

Section B, page 1
"Philadelphia Inquirer"
Philadelphia, Penna

Date: 8-4-78
Edition:
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Submitting Office: PH

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Resorts International Plans 3-for-1 Stock Split

Resorts International Inc. said yesterday that its board had voted to split the outstanding common stock of the company on a 3-for-1 basis, contingent on approval of shareholders to increase the number of authorized shares of Class B from 600,000 to 2 million shares.

The meeting is scheduled for Sept. 12 in Atlantic City.

The company said if the plan is approved, additional shares of both Class A and Class B stock will be distributed Oct. 6 to holders of record Sept. 13. Class B stockholders have one vote for each share; Class A one-one hundreth of a vote per share.

The company noted that the board did not split the outstandsing warrants to buy outstanding Class A shares.

However, the company said both the number of class A shares issuable upon exercise of the warrants and the price of the shares will be adjusted to reflect the stock split.

Trading in the common stock on the NYSE was halted pending the announcement by James M. Crosby, chairman of the board.

Raymond M. Gore, financial vice president, later explained there was no need to increase the number of shares of Class A because 25 million shares have been authorized. However, there are only 600,000 of Class B authorized. With 320,000 shares of Class B outstanding, a 3-for-1 split would require at least 960,000 authorized shares. Those shares not used in the split will be held in the treasury.

(Indicate page, name of newspaper, city and state.)

Page 12 "Evening Bulletin
Philadelphia, Pa

Date: 8-8-78
Edition:

Title:

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Classification:
Submitting Office: PH

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92-4464 — 81

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FD-350 (Rev. 7-16-63)

(Mount Clipping in Space Below)

Alcohol and gambling still don't mix at casino

Associated Press

ATLANTIC CITY — You can gamble or you can drink at Resorts International Hotel Casino here, but you cannot do both — at least not at the same time.

Lack of licensing for waitresses and bartenders has turned the casino floor into a drink-free area, and Resorts officials admitted yesterday that they had made wrong assumpitons about required state licenses for their hotel workers.

On the licensing issue, New Jersey Casino Control Commission Chairman Joseph P. Lordi said here that he supported a change in the law to allow certain unlicensed casino workers, such as cocktail waitresses and bartenders, on the gaming floor at his discretion.

He made the statement as more than 125 waitresses and bartenders remained out of work, and the casino remained dry for the sixth day because not all have licenses to work in the casino.

Lordi granted Resorts' emergency request for 1,223 temporary hotel licenses over the weekend; the action followed the revelation last week that more than half of the hotel's staff was unlicensed. Lordi said he would renew the five-day licenses, which he issued retrotactive to 5 p.m. Friday, when they expire today.

(Indicate page, name of newspaper, city and state.)

Phila Inquirer
Section C
Pg 6
7/19/78

Date:
Edition:
Author:
Editor:
Title:

Character:
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Classification:
Submitting Office:

☐ Being Investigated

92-4464-82

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SERIALIZE [redacted]
JUL 1978
FBI - PHILADEL [redacted] [redacted]

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Lawyer Criticizes State Police

Favoritism Charged in Casino Arrest

By D. W. NAUSS
Bulletin Shore Bureau

Atlantic City — Elefterio Kottakhs entered Resorts International casino hotel the evening of Aug. 11 to gamble.

Early the next morning, the Hightstown, N.J., factory worker was in Atlantic City Jail, charged with atrocious assault and battery of a casino security guard.

The guard, John Bottari, charged Kottakhs butted him in the head, breaking his nose, after he asked Kottakhs to leave because of unruly behavior.

Kottakhs charges Bottari and two other Resorts employes roughed him up, but law enforcement officials and the municipal court here refused to allow him to file a countercomplaint.

The incident has sparked charges from Kottakhs' lawyer that the state police operate under a double standard favoring casino personnel.

In response, some law enforcement officials say it is the municipal court that is at fault for not accepting the complaint as stipulated by state law.

Just about everyone involved agrees that the problem revolves around a misunderstanding of last year's agreement on law enforcement jurisdiction at the casino.

The Atlantic City Area Law Enforcement Council developed a policy to avoid duplication of law enforcement at the casino. The agreement was signed by heads of the local Police Department, state police, state Divisions of Gaming Enforcement and Criminal Justice and the Atlantic County Prosecutor's Office.

Basically, the agreement gives the state police and Gaming Enforcement Division jurisdiction over criminal matters within the 55,000-square-foot casino.

Criminal matters outside the casino proper, including the bars, restaurants and hotel, are under the control of the local police.

Traditionally, criminal complaints in Atlantic City are processed through the Police Department's detective division, which writes them up and investigates.

The municipal court refers complainants to the detective bureau, from which it accepts the complaints and dockets them.

It was assumed by the court personnel and the bureau, on the basis of the jurisdictional agreement, that the same process would be followed by the state police.

So when Kottakhs, who speaks little English and stutters in his native Greek, tried to tile a complaint at City Hall Aug. 12, he was told he would have to go elsewhere.

The following Friday he returned to Atlantic City and saw court administrator Carol Ortman, who directed him to the detective bureau.

Kottakhs then spent the next six hours running back and forth from the court to the detective bureau to the state police. No one would take his complaint.

He ended up in the office of Acting Judge Gennaro Consalvo with county trial court administrator Steve Fingerman. After several phone calls to Trenton on Kattakhs' behalf, they got assurances that the state police would take his complaint.

Although the complaint was signed last Friday, it still has not been given to the municipal court. Kottakhs' hearing, scheduled for Thursday, was postponed.

His lawyer, John Mintos of Trenton, believes that the state police's refusal on several occasions to take a sworn complaint proves favoritism to the

(Indicate page, name of newspaper, city and state.)

Evening Bulletin
Phila., Pa.
p. 48 A

Date: 8/23/78
Edition:

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Submitting Office: Ph

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1978
FBI — PHILADELPHIA
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casino.

Mintos said Kottakhs was told he would have to go before a judge to prove probable cause for a complaint before police would take it. But the same police took the casino's complaint immediately.

"We have a double standard here," Mintos said. "The police will handle all complaints against casino employes, but citizens can't make a complaint until a judge establishes probable cause."

Lt. Gordon Hector, state police public information officer, said the case was handled by Lt. Anthony DeMacy, whd was unavailable for comment yesterday.

However, Hector said, there was no favoritism toward casino personnel. He said the matter was probably just a misunderstanding, perhaps because of the language problem.

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC (183-8)(SQ1)

DATE: 8/28/78

FROM : SA [redacted]

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b7C

SUBJECT: Murder of EDWIN HELFANT, Atlantic City, N.J. 2/78
RICO
(OO:PH)

On 8/25/78 Lt. [redacted] O.C.U., PHPD furnished the following information:

On 8/25/78 [redacted] N.J. was arrested by NJSP as result of his [redacted]

[redacted]

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[redacted] NICHOLAS SCARFO as are the [redacted]

[redacted] was arrested on two occassions in August, 1978.

[redacted]

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On 8/13/78 the NJSP arrested [redacted] [redacted] [redacted] All were released on bail.

2 - 183-8
1 - 92-4356
1 - 183-551
1 - 179-350
1 - 183-250
① - 92-4464

1 - 92-1382

[redacted] [redacted]
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92-4464-84

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SERIALIZED [redacted] FILED
AUG 28 1978
FBI — PHILA [redacted] [redacted]

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Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

On 8/23/78 a detective from PHPD Homicide unit went to try to locate FRANK NARDUCCI to interview him. The purpose was to find out why NARDUCCI had an interest in a murder witness. [redacted]

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Union Local for Casino Linked to Mafia

By THOMAS M. BURTON
Of The Bulletin Staff

One of three union locals seeking to represent casino dealers at Atlantic City's Resorts International has had significant business dealings with a man convicted of conspiring to share a $299,000 kickback with top-level Mafia figures.

The union local, Sports Arena Employes Local 137 of Cherry Hill, hired a firm in 1976 controlled by investment adviser Anthony Bentro to invest money from the local's pension fund.

Bentro at that time had been indicted along with North Jersey mobster and Teamster boss Anthony Provenzano on kickback-conspiracy charges. They were both convicted in March.

Testimony at the trial indicated that Bentro, 57, of Utica, N.Y., and Provenzano planned to share a kickback for a large Teamster pension fund loan with reputed New York Mafia family leader Frank (Funzi) Tieri and Matthew (Matty the Horse) Ianniello, a reputed member of the Tieri family.

The Cherry Hill local paid Bentro's firm $18,367 in 1976 to handle investment of its pension fund money, U.S. Labor Department records show. The firm continues to handle pension fund investment for the local today.

But officers of the local, which is affiliated with the Laborers International Union, say they didn't know until recently of Bentro's connection with the firm. (Bentro sold his stock last fall, records show.) They say they have decided to sever their relations with the firm, partly because of Bentro, but mostly because they can get better investments elsewhere.

More than 500 casino dealers and croupiers — who have complained about low wages and tips at Resorts International — are scheduled to vote tonight on what union, if any, is going to represent their interests.

The election is considered a crucial one.

Several union officers agree that the winner at Resorts would have an inside track in the race to represent employes at other casinos which will soon be springing up along the boardwalk.

Actually, it's possible there may not be a winner at all. One of four options the dealers may choose tonight is "no union."

The other three choices are Local 137, which represents pari-mutuel clerks at Liberty Bell Park, Monmouth Park and other racetracks throughout New Jersey and Pennsylvania; Atlantic City's Local 54 of the Hotel and Restaurant Employes and Bartenders International Union, and the Casino Dealers Professional Association, an in-house union at Resorts. Philadelphia Teamster Local 158 had showed interest but dropped out of the race.

One of the choices must win a majority or a runoff will be held between the two top vote-getters, said David Keller, a senior field examiner with the National Labor Relations Board, which is conducting the election.

Jack Brown, president and business manager of Local 54, said that if one of the unions wins, it will be the first time that casino dealers are represented by a union anywhere in the country.

Though the New Jersey Casino Control Commission will ultimately check into any criminal associations of unions at casinos, they haven't yet begun to do so.

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PG. 1

THE EVENING ~~BULLENTIN~~

PHILA. PA.

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"The commission has no jurisdiction until someone wins the election and then would have to register with the commission," a spokesman said. The commissioners themselves couldn't be reached to speak about today's election.

But federal records, court testimony and interviews with law enforcement officials and union officers help flesh out some details of the locals involved in the election.

The Casino Dealers Professional Association, the in-house local at Resorts begun by a Resorts employe, has affiliated with the Communications Workers of America."

Another federal investigator said he knew of no criminal associations of Local 54 of the bartenders union. But some law enforcement officials were concerned about the rumored involvement in organizing casino workers of Ralph Natale, an international organizer with the bartenders union and the president of the union in New Jersey until last May.

Natale has had contacts with members or associates of organized crime families, in particular the Angelo Bruno family, according to several law enforcement sources. One investigator described Natale as "friendly to them (the Bruno family)."

Natale, of Pennsauken, was indicted in July by a federal grand jury in Philadelphia on arson charges in connection with a fire last year at the Mr. Living Room furniture store in Marlton, N.J., and a subsequent attempt to collect $1 million in insurance from the American Hardware Mutual Insurance Co.

Jack Brown, president of the Atlantic City bartenders local, states that Natale hasn't been involved in organizational efforts at the casino.

"People come up to me and say, 'When is Ralph Natale going to take over your local?' " he says. "It'll never happen. He's an international man and a friend of mine. He's an international organizer. If we need their help, we could call for it, but we haven't called for it."

One federal prosecutor, based outside the Philadelphia area, doubts that things are quite that simple. Union organizers, he says, "throw a name like that (Natale) around to intimidate anybody who doesn't want to sign up with the union. I've never seen a situation where a man like that is involved (in a union) that they didn't use that fact."

At the Sports Arena Employes Local 137 in Cherry Hill, by contrast, officials don't deny they've had dealings with Anthony Bentro's firm, but they argue they did so without knowing Bentro was involved or without knowing about his indictment and conviction.

In fact, William N. Eggeling, secretary-treasurer and business manager at the Cherry Hill local, said in an interview this week that he hadn't known anything about Bentro's trial and conviction, which has been appealed.

"It's news to me," said Eggeling. "You're telling me this for the first time. I might have read something in the paper about it, though."

But Michael P. Palladino, who has been administrative manager of the local's pension fund for "about a year," said he knew of the conviction but only recently learned of Bentro's involvement in the investment firm, American Management Enterprises Inc.

Bentro controlled 51 percent of the

stock in the firm until last fall, according to testimony at Bentro's trial and records filed with the U.S. Securities and Exchange Commission.

Since learning of that involvement, the pension fund's trustees have voted, because of Palladino's recommendation, to switch from that firm to the Travelers Insurance Co., which guarantees the pension fund a return of approximately 9 percent on its investments.

"I thought we had no business in the stock market (where Bentro's firm was investing). Secondly, I was concerned about the reputation" of Bentro, Palladino said.

Labor Department records show that Local 137 paid Bentro's firm $18,367 in 1976 for advice and handling of investments, an amount more than $10,000 larger than the fee the union paid to a local bank the year before. (No records have been filed by the local for 1977 and 1978.)

Bentro and Anthony Provenzano had been indicted in December 1975 in U.S. District Court in New York City at the time Local 137 signed up Bentro's firm. Those original charges against Bentro were dismissed in November 1977, but new, similar charges were brought against him the following month.

He and Provenzano were convicted in March for having conspired to offer a Teamsters union trustee in New York State part of a kickback for influencing the possible grant of a $2.3-million Teamsters loan to the Hotel Woodstock in Manhattan. There was no evidence that the kickback or loan was ever actually paid.

Additionally, Robert Windrem, research director of PROD, the Teamster insurgents group, says that Bentro's firm "funneled Teamster money it managed to brokerage houses where relatives of Teamster officials worked as brokers, thus generating commissions for the relatives and profits for the owners of the company."

Palladino, the administrator of Local 137's pension fund, said he learned about Bentro's involvement in American Management Enterprises only through prosecutors who were investigating Palladino's father on an unrelated charge.

Palladino's father, Michael E. Palladino, a former officer of a firm which used to administer Local 137's pension fund, pleaded guilty last March to a federal felony charge of paying an Internal Revenue Service agent $7.500 to benefit an accounting client. That conviction was unrelated to union business.

Until 1970, the elder Palladino worked for an accounting firm which handled the books of North Jersey Teamster pension and welfare funds of locals controlled by Provenzano.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Resorts' win is its highest

By Harry Gould
Inquirer Staff Writer

ATLANTIC CITY—For most of the city, August was a month of rainy weather and sparse crowds with little to spend on the Boardwalk.

For Resorts International, though, it was a month of bigger profits from its casino—in fact, the biggest so far.

Resorts announced yesterday that its average daily win from its gambling operations last month was $759,208, a 14 percent increase over July's average of $660,000 a day.

The only legal casino on the East Coast grossed a total "win" of $23,535,460 during August. It grossed $20.6 million in July and $18.6 million in June. It opened May 26.

These most recent figures mean that Resorts' Casino revenue for the summer tourist season are just over $62.7 million.

The "win" figure is the amount of money lost by gamblers, or, in other words the amount the casino won at its gambling tables and slot machines. The figures do not take into account operating costs or expenses, including taxes.

Resorts Board Chairman James M. Crosby said revenue increased because of a 10 percent increase in the number of slot machines on the casino floor during July, and a general increase in the amount of money wagered on the table games, including blackjack, baccarat and craps.

Crosby also cited the increasing "proficiency" of its more than 500 dealers as another reason for the increased winnings. He said that as the betting action picked up speed, the amount wagered tended to rise as well.

"Our dealers are getting more proficient," Crosby said. "Each month they get better."

The August financial statement indicated that 46.6 percent of the casino's gross win for the month was derived from slot machines. In July, slot machines accounted for just under 50 percent of the net win, which suggests heavier action at the table games.

Resorts' success so far has exceeded most industry forecasts. Before the company opened the casino, it predicted that it would have to collect an annual gross win of at least $100 million to make what it considers an acceptable net profit of $10 million after taxes and expenses.

At the current rate of winnings, Resorts may take in more than that $100 million before the end of the year, roughly half a year's time.

The state's 8 percent tax will put about $1.87 million from Resorts' last month win into a fund to reduce the property taxes and utility bills of the state's elderly. The state Legislature has not decided yet specifically how that money will be spent.

(Indicate page, name of newspaper, city and state.)

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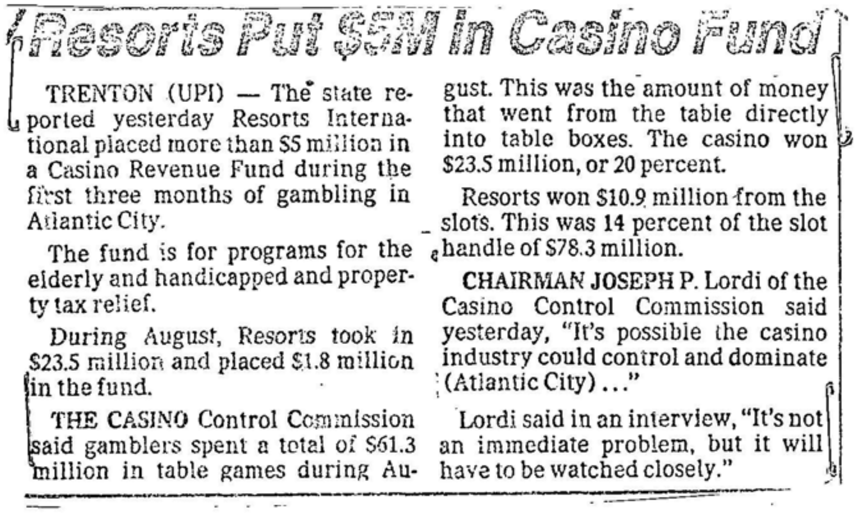

Resorts Put $5M in Casino Fund

TRENTON (UPI) — The state reported yesterday Resorts International placed more than $5 million in a Casino Revenue Fund during the first three months of gambling in Atlantic City.

The fund is for programs for the elderly and handicapped and property tax relief.

During August, Resorts took in $23.5 million and placed $1.8 million in the fund.

THE CASINO Control Commission said gamblers spent a total of $61.3 million in table games during August. This was the amount of money that went from the table directly into table boxes. The casino won $23.5 million, or 20 percent.

Resorts won $10.9 million from the slots. This was 14 percent of the slot handle of $78.3 million.

CHAIRMAN JOSEPH P. Lordi of the Casino Control Commission said yesterday, "It's possible the casino industry could control and dominate (Atlantic City) . . ."

Lordi said in an interview, "It's not an immediate problem, but it will have to be watched closely."

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FD-350 (Rev. 10-19-77)

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Resorts is fined $39,000

Audit violations in opening days

By Harry Gould
Inquirer Staff Writer

ATLANTIC CITY—Resorts International, operators of this city's only casino, was fined $39,000 yesterday by the State Casino Control Commission for violations of internal and auditing controls that took place in its counting room in May.

Most of the 39 violations took place in the first days following the casino's grand opening during the Memorial Day weekend.

The fine actually was a reduction of the $195,000 figure recommended by commission vice chairman Kenneth MacDonald, who conducted hearings on the infractions of state casino regulations last month.

MacDonald recommended a reduction after being persuaded by Resorts that the counting room personnel were overworked and inexperienced in the first days of operation.

The commission voted 4-0 to support MacDonald's recommendation. MacDonald abstained from the vote.

The violations included:

- The unauthorized presence of high-ranking Resorts executives in the counting room during the actual count. Those present included Resorts president I. G. (Jack) Davis. Non-counting-room personnel are permitted only during breaks.
- Improper storage of empty drop boxes, the containers that hold currency wagered by gamblers. The boxes are carried daily from the gaming tables to the counting room.
- Failure of money carriers to wear pocketless garments. The commission believes that pockets present temptation to hide money and defraud the casino.

(Indicate page, name of newspaper, city and state.)

P#1 "THE PHILADELPHIA INQURIER"
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- Improper clearance of credit. In one case, credit was extended to a high-rolling baccarat player before he was told to fill out a credit slip. In other cases, credit slips were improperly filled.

Despite the reduction of the fine imposed on Resorts, the company's attorney, Joel Sterns still argued that the original fine was too stiff in light of what he called "technical violation" and that it would set a "bad precedent."

Sterns pointed out that none of the violations "constituted a risk to the public. We're not talking about any fraud, embezzlement or any misconduct of that nature."

Sterns' arguments were brushed off by commission chairman Joseph P. Lordi, who remarked; "These are indeed serious violations. They are violations that go to the heart of the integrity of the casino operation."

The commission also voted yesterday to allow craps players to wager "lay" bets for the first time, in response to rising demands for that type of bet from players familiar with Las Vegas-style craps.

Such a bet is placed on a four, five, six, eight, nine or ten on the craps board in hope that a seven will be rolled first. The payout to a winning bettor pays "true odds"—slightly higher than standard casino payout odds—but a 5 percent commission, known as "vigorish," must be paid back to the house.

Resorts officials said they also would give craps players the option to make a "place bet to lose"—the same as a lay bet except that the standard casino payout odds are paid and no vigorish is charged. Commission staff members called it a "better bet" for the player than the lay bet.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

The casino wins: It's in the slots

The elegant, sunken baccarat pit where the high-rollers casually gamble with tall stacks of black $100 chips, was empty and still. With nothing else to do, the baccarat dealers quietly chatted with one another on a recent weekday afternoon at Resorts International's Atlantic City casino.

But just yards away, more than a thousand gamblers poured a cascade of nickels, quarters and silver dollars into the casino's glittering rows of slot machines. Thousands more, clutching paper cups filled with coins, waited behind the players for their chance to contribute to this unending stream of cash.

Last month, the coins cascading through the slot machines totaled more than $10 million — more than any other casino in the world has ever made in a month in total gaming revenue and a figure that dwarfs any slot-machine revenue ever recorded in a gambling casino anywhere.

Largely because of the extraordinary amount of slot-machine play at Atlantic City's first casino, Resorts has rewritten the book on how much money a casino can take in.

One important industry yardstick of a gambling house's performance is revenue per square foot of casino floor space. In a normal year, the big casinos on the Las Vegas Strip average about $1,000 in annual "win" — gross revenue, or the amount gamblers lose — for each square foot of floor space.

Caesars Palace in Las Vegas, which has established itself as the leading caterer to the big spenders, surprised the gambling world last year when it rolled up revenues of more than $80 million, or about $3,900 per square foot.

But now, only four months after it opened May 26, Resorts already is taking in revenues that in 12 months would add up to nearly $280 million, or $5,060 per square foot. And the total is rising monthly.

That is more money than any casino has ever made, anywhere in the world. It is more than three times as much as even the biggest of Nevada's 220 casinos produces.

It is more than any casino ever made in the Bahamas, Puerto Rico, Monte Carlo, Macao, Reno, Lake Tahoe, London — or in Yugoslavia, Tasmania, Haiti or Nepal.

At the 30 or so largest Nevada casinos, slot-machine revenues contribute an average of about 25 percent of the casino's win and "pit revenues," money from table games such as craps, roulette and blackjack, make up the rest.

Resorts International's Atlantic City casino earns nearly half of its record revenue — which averaged $759,000 a day last month and which totals $65 million since the May 26 opening — from its slots, although income from all games at the casino is also considerably higher than that of Nevada casinos.

That means, according to gaming consultants, that Resorts is attracting huge numbers of gamblers — perhaps 100,000 a day, Resorts guesses, though no one is counting. A lucky few are winning, but tens of thousands of them are leaving behind $10, $20 or $40 per visit.

In the less-than-kind parlance of casino owners, this is the flat-out "grind market," as distinguished from the high-rolling "premium market" of gamblers who enter a casino with a stake of $10,000, $20,000 or more.

No high-rollers yet

There is evidence in fact, that the so-called Eastern high-roller, the gambler able to lose or win $100,000 or more in a single visit, has yet to cross the threshold of the busy Resorts casino.

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(Indicate page, name of newspaper, city and state.)

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Phila., Pa.
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At Resorts International's annual stockholders meeting Sept. 12, Resorts President I.G. (Jack) Davis suggested that the winter season might produce higher revenues than summer did. "Large-scale gamblers," he said, 'may have shied away" so far because of reports of long lines and crowding.

With the onset of fall, the lines are shorter and often disappear, but the casino is still almost full, especially at the slot machines.

So who are the people gambling at Resorts?

"Look around and you'll see that they're Mr. and Mrs. Middle America — the mass market. One woman in our typing pool has gone to the casino at least seven times," said Peter Tyson, a consultant for Laventhol & Horwath, a national firm of accountants and management consultants, which provides a variety of services to Resorts and about 10 other campanies that plan to build casinos in Atlantic City.

Tyson, head of the Leisure Time Industries department in Laventhol's Philadelphia office, echoes what all informed gaming experts say: The sheer mass of people living within an easy day's drive of Atlantic City is the single big reason that the casino is doing so well.

Before the Resorts casino opened, the firm conducted a telephone survey to determine how many people might gamble in an Atlantic City casino. The results startled even the most optimistic casino advocate.

Willing to gamble

One-quarter of the U.S. population — 55 million people, including 37 million adults — lives within a 300-mile radius of Atlantic City.

The Laventhol survey found that 43 percent of the adults surveyed said they would gamble in an Atlantic City casino. Nearly half of those adults polled within a 100-mile radius of Atlantic City said they would gamble in a casino.

"People in the Northeast simply have a higher propensity to gamble than people elsewhere in the country," Tyson said. "Our survey, plus the crowds at the casino, indicate that there's a huge latent demand for gaming."

Tyson agreed that many of the potential gamblers, especially the big-dollar gamblers, are still waiting for the crowds to thin out — if they ever do.

"There's a tremendous market out there still holding back . . . They're not going to go until they think it will be comfortable," he said.

Until then, the "grind market" is using the casino to its fullest. "And that's not a pejorative term," Tyson said. "That's people like you and me, so I guess mass market is a better term.

"But I don't think the casino has seen many of the real high-rollers yet."

Resorts' often idle baccarat pit — the biggest in any U. S. casino — supports that conclusion.

Baccarat, also called chemin de fer, is a card game somewhat similar to blackjack or "21," but it almost invariably is played for higher stakes. It is considered "European" or "continental," and is somewhat intimidating to newcomers to gambling. Ironically, however, baccarat also offers the lowest "house percentage" of any casino game, and, for those willing to play for high stakes, the best chance of winning.

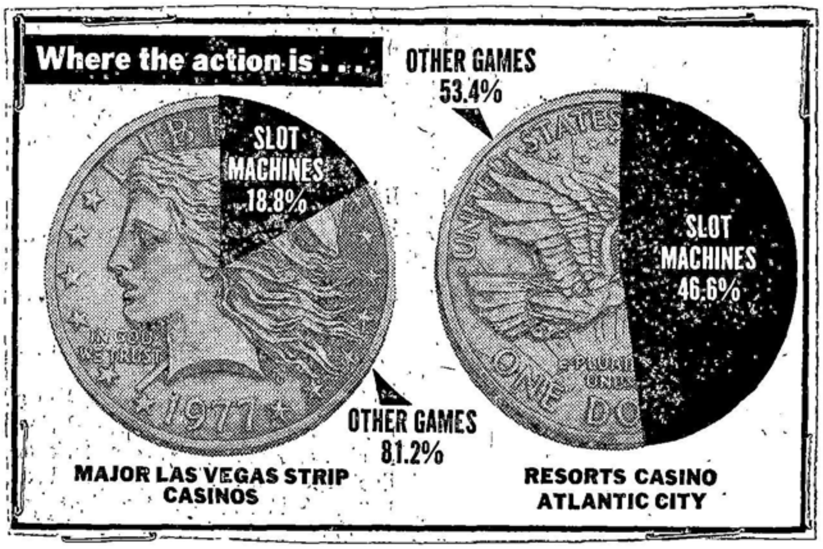
Because the casino keeps almost 17 percent of the money poured into the slot machines, they offer the least chance of winning. But they are also the most popular game in the casino.

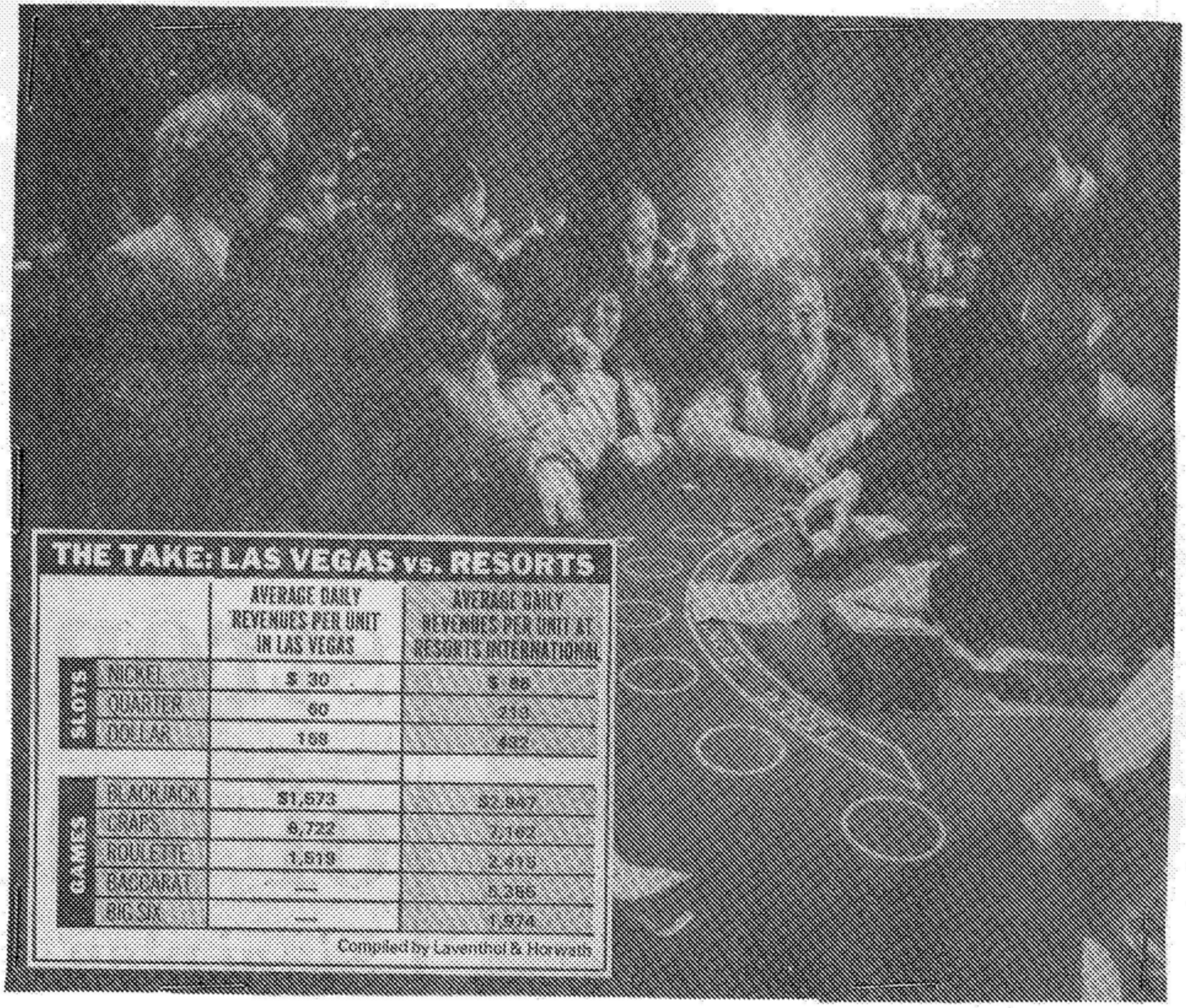
And the money cascading into the slots, Tyson and other gaming experts believe, seems to be nearly all "discretionary entertainment income." In other words, Tyson said, "it's not the rent money."

Almost no one gambles to "make money," he said, because most gamblers understand that beating the house is tough. "Everyone seems to agree that people treat gambling as entertainment and use entertainment money for it."

So where is the $800,000 or so a day that people are spending at the casino coming from? "This seems to be income that would have been spent on movies or a new fishing rod, or whatever."

Where the action is . . .





THE TAKE: LAS VEGAS vs. RESORTS

		AVERAGE DAILY REVENUES PER UNIT IN LAS VEGAS	AVERAGE DAILY REVENUES PER UNIT AT RESORTS INTERNATIONAL
SLOTS	NICKEL	$ 30	$ 86
	QUARTER	60	213
	DOLLAR	188	437
GAMES	BLACKJACK	$1,673	$2,947
	CRAPS	6,722	7,167
	ROULETTE	1,519	2,413
	BACCARAT	—	5,386
	BIG SIX	—	1,974

Compiled by Laventhol & Horwath

10/10/78

SAC, PHILADELPHIA (92-4464) (RUC) (SQ1)

RESORTS INTERNATIONAL CASINO HOTEL INC., ATLANTIC CITY, N.J.;
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SAC, NEWARK (183-516)

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This case was opened at Philadelphia on 4/29/78, to determine any possible connection with organized crime by owners of Resorts International Casino Hotel Inc. Since Newark has a current case on Resorts (NK 183-516), the Philadelphia file will be placed in a closed status. All pertinent information has been forwarded to Newark from this file.

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2-Philadelphia (92-4464) (SQ1)
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92-4464-90

FD-350 (Rev. 10-19-77)

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Resorts cited for 30 violations

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International, operator of New Jersey's only casino, has been cited by state gaming officials for regulatory and operational violations that, among other things, allegedly led to the theft of $180,000 from a slot machine change booth and the disappearance of a tray containing $14,260 worth of gambling chips from a blackjack table.

The 30 violations, cited yesterday by the New Jersey Division of Gaming Enforcement, coupled with 39 other violations reported two months ago, could jeopardize Resorts' ability to gain a permanent casino operating license in the state, one state official indicated.

The Miami-based firm, which opened a casino here on May 26, has been operating under a six-month temporary license, pending the outcome of a background investigation by the state gaming agency.

Division director Robert Martinez told the New Jersey Casino Control Commission that the casino's "continued and repeated" violations ought to be considered when the commission meets to determine Resorts' "suitability" for permanent operating license. He made the suggestion in a sharply worded letter that accompanied the list of allegations.

Joel Sterns, Resorts' attorney, said a casino operation as large and as new as the firm's Atlantic City gambling palace was bound to make errors.

"I would be surprised if there were not some violations of the detailed regulations under which we live," Sterns said. "But we expect people to recognize and have some perspective on the rather technical nature and context of these violations."

Resorts must make a formal response to the current charges in 15 days. The firm could be subject to fines totaling $1.5 million as well as additional disciplinary action from the Casino Control Commission.

Among the complaints filed against Resorts were that:

- Thirty-seven unlicensed casino employes were hired for the casino and hotel at various times beginning with the opening of the casino. The complaint notes that several employes subsequently have been licensed.
- One casino dealer is improperly employed because he was charged with violating state gambling laws after his arrest Sept. 8 by Atlantic City police.
- Resorts conducted business with 15 companies not licensed to provide casino-related services. The companies included firms making slot machine parts, counting equipment, gaming equipment and furniture.

Concerning the theft of coins and chips, Peter Richards, state deputy director of gaming enforcement, said yesterday that the basic problem is Resorts' failure to maintain proper accounting and internal controls on the handling of those items. As a result he said, it is virtually "impossible to conduct" an investigation into the thefts.

Resorts released a financial report Thursday indicating that its first four months of operation have been a financial success. The casino has grossed $82.6 million from its slot machines and gaming tables, exceeding even the most optimistic estimates made prior to the casino's opening.

(Indicate page, name of newspaper, city and state.)

"Philadelphia Inquirer"
Pages 1-A & 2-A

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Shore liquor license denial upheld

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY—The director of the New Jersey Division of Alcoholic Beverage Control (ABC) has upheld the City Commission's refusal to grant a liquor license to the sons of two reputed Philadelphia organized-crime figures.

ABC Director Joseph Lerner released his decision Thursday on the application of Frank J. Narducci Jr., 24, and Salvatore A. Testa, 21, who had agreed to purchase Le Bistro bar in the 2200 block of Pacific Avenue here for $250,000 and had applied for a liquor license.

Lerner was ruling on an appeal from an ABC directive issued last November in which he ordered the City Commission to deny the application.

Both men live with their families in Philadelphia. Neither has a criminal record, which in the past has been the reason cited most often for denying a liquor license request.

Narducci is the son of Frank Narducci Sr., a reputed associate of alleged Philadelphia-South Jersey organized-crime leader Angelo Bruno.

Testa is the son of Philip (Chicken Man) Testa, a reputed lieutenant in the Bruno crime family.

In upholding the denial of the application, Lerner raised questions about how the two applicants planned to finance their investment, pointing out that both had spotty employment records and no experience in the tavern business.

And, in a move that is expected to be the basis for an appeal of his decision, Lerner cited their fathers' criminal records and their association with other alleged organized-crime figures.

In a carefully worded comment in his 10-page decision, Lerner hinted at what law enforcement officials have suspected ever since the younger Narducci and Testa applied for a liquor license here — that the two men were fronting for organized-crime figures.

Narducci and Testa are expected to appeal Lerner's ruling to the Superior Court, according to their attorney.

(Indicate page, name of newspaper, city and state.)

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FD-350 (Rev. 10-19-77)

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Complaints Endanger Casino's Final License

TRENTON (UPI) — Resorts International's casino in Atlantic City has come under fire for alleged violations that could jeopardize its application for a permanent gambling license.

Eight complaints filed yesterday included violations of rules on slot machine operations that allowed the disappearance of nearly $180,000.

Attorney General John J. Degnan asked for a $50,000 fine on each count and also $50,000 each time Resorts dealt with unlicensed companies or hired unlicensed employes.

THERE WERE 15 companies and 43 employes, and the total fine could reach $3.5 million, a Degnan spokesman said.

"This conduct, especially if continued or repeated, must be considered in determining the suitability of (Resorts) to presently manage its casino operation . . . and its suitability for a regular casino license," said Robert Martinez, director of the Division on Gaming Enforcement.

He filed the complaints with the Casino Control Commission.

The complaints also charge Resorts with giving misleading information under oath on its staff's structure and adequacy.

Other complaints charge Resorts with:

- Failing to count all the chips containers returned to the cashier's cage and failing to discover the theft of a blackjack table tray containing $14,260 worth of chips.
- Hiring people not licensed by the commission
- Doing business with four casino-related businesses — involving slot machines and coin-counting and other gaming equipment — not licensed by the commission.
- Doing business with 11 unlicensed subsidiaries, which could be fined $10,000 each.

(Indicate page, name of newspaper, city and state.)

P#2 "PHILADELPHIA DAILY NEWS"
PHILADELPHIA, PA.

Date: 10/7/78
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John J. Degnan: asks stiff fines

FD-350 (Rev. 10-19-77)

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Secret Service Testimony In JFK Probe Chides FBI

Bulletin Wire Services

Washington — The House Assassinations Committee is assessing whether the FBI did all it should have done in the investigation of the murder of President John F. Kennedy.

Witnesses were testifying today about the FBI investigation and the agency's cooperation with other agencies and the Warren Commission.

The committee shifted into that general area yesterday with testimony from two retired Secret Service officials who said their agents performed well although they failed to save Kennedy from the assassin's bullets in Dallas on Nov. 22, 1963.

They disputed charges the elite presidential security corps left Kennedy vulnerable during his Dallas visit. And they said the Secret Service simply did not know who Lee Harvey Oswald was.

FBI files released last year show the bureau knew of Oswald's background as a former defector and potentially violent social misfit, but felt it had no obligation to alert the Secret Service about his presence in Dallas.

Testimony by Thomas J. Kelley, now assistant director of the Secret Service's Protective Operations, indicated it never did so. Asked whether the Secret Service as a whole had failed Kennedy through inadequate advance security arrangements, Kelley replied, "No, I don't think so, because the Secret Service had no knowledge of Oswald's background.

"If we had known the background and we knew he was working at the (Dallas) book depository at the time of the parade, we would have done something to make sure that we knew what he was doing at that time."

The Warren Commission said Oswald shot Kennedy from a window in the school book depository overlooking the motorcade route.

In its report on the assassination, the presidential commission headed by Chief Justice Earl Warren had said the service's Dallas security arrangements were "seriously deficient."

It said agents failed to check all the buildings along Kennedy's motorcade route and noted some agents had stayed up drinking until 2 a.m. the day of the murder.

Kelley said an investigation in the aftermath of the slaying had determined the drinking bout did not affect the performance of the agents involved. They were never reprimanded, he said.

Wrapping up public testimony on longstanding rumors of Cuban involvement, the committee referred to a stream of murky allegations, but did little to clarify them or establish how reliable they might be.

There was nothing murky about Cuban President Fidel Castro's denial of involvement in the assassination or prior knowledge of it.

Contending it would have been "tremendous insanity" for Cubans to plot the assassination of a U.S. president, Castro accused the Central Intelligence Agency of circulating such reports.

Castro made his statements during a four-hour interview with committee members and investigators last April. The committee released a transcript yesterday.

Describing his personal reaction to the news of Kennedy's death, Castro said, "I was very badly depressed. I was very sad about it. He was an adversary. You may always have the adversaries, but you have an assessment of them as a person, as an intellectual. To a certain extent, we were honored in having such a rival. He was not mediocre. He was an outstanding man."

In addition, Castro said he had sensed Kennedy was moving toward a somewhat friendlier policy toward Cuba in the wake of the missile crisis and the Bay of Pigs invasion.

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Pg. 2A "Evening Bulletin"
Philadelphia, PA

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JFK's Death A Red Plot?

WASHINGTON (UPI) — Former CIA Director Richard Helms says no one knows if John F. Kennedy's murderer was connected to the Soviet KGB, and nearly the entire government covered up U.S. plots to get rid of Fidel Castro.

Helms testified for five hours before the House Assassinations Committee, leading the probers through the dark and secret paths followed by U.S. intelligence in the 1960s. He dealt with two major issues:

- Whether the Warren Commission should have been told about U.S. plots to dethrone Cuban Premier Castro and even perhaps assassinate him. Since it has been learned that Castro knew about some of these efforts, conspiracy theorists say Kennedy may have been killed in retaliation.
- Whether Lee Harvey Oswald, Kennedy's apparent assassin, had been recruited by the KGB, Russia's secret police and espionage agency, when he defected to the Soviet Union. The Warren Commission had believed Yuri Nosenko, a defector who said the KGB had no interest in Oswald. Helms says it cannot be proved that Nosenko was a genuine defector.

Helms told the committee it had been a mistake to keep from the Warren Commission's assassination probe information about the plots against Castro and the fact they had been approved by two Presidents, Dwight D. Eisenhower and Kennedy.

BUT, HELMS SAID, he would not take the whole blame. "They were known to the attorney general (Robert Kennedy), the secretary of defense (Robert McNamara), the assistant to the President (McGeorge Bundy) and the National Security Council," he said.

Helms also told the committee it could be deduced "by implication" that Oswald may have been tied to the KGB if the defector Nosenko had been planted to give U.S. officials the opposite impression.

Nosenko defected scarcely two months after Kennedy's assassination.

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Pg. 4 "Philadelphia Daily News"
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FD-350 (Rev. 10-19-77)

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Resorts pays state gambling fine

By James Manion
Associated Press

TRENTON — Resorts International paid a $39,000 fine yesterday to the New Jersey Casino Control Commission for credit and accounting violations during the first week that its casino was open in Atlantic City.

"The decision was made by I. G. Davis, the president of the company, not to appeal the fine," said Richard Weinroth, an attorney for Resorts.

The fine was for 39 separate violations of state accounting procedures and rules for issuing credit.

The violations took place in late May, when overflow crowds jammed the East's first legal gambling house.

Commission spokesman Ben Borowsky said the money — the first received by the state for casino violations — would be placed in the Casino Control Fund to cover expenses of the commission and the Division of Gaming Enforcements which covers casino operations.

Resorts also has gvien the state $5.04 million under its requirement to pay 8 percen tof monthly gross revenues to a special fund to be used for tax relief for senior citizens and the disabled. The Legislature has not determined how that money will be spent.

Resorts never contested the charges, but asked the commission at an earlier hearing to reduce or eliminate the fine on the ground that the violations were procedural and not criminal.

But commission member Kenneth MacDonald, who served as hearing officer in the case, refused, citing his earlier reduction in the fine from an original $195,000. MacDonald had lowered a fine of $5,000 for each of the 39 violations to $1,000 each.

At a hearing here yesterday, MacDonald reserved decision on a complaint against Resorts that a baccarat player received an unspecified amount of credit at the casino May 29 before signing a required credit slip.

Weinroth said Resorts International did not contest the latest charge, but denied a state contention that Walter I. Rogers, vice president of casino operations, witnessed the transaction.

MacDonald said he expected to submit a recommendation to the commission about the complaint by next week.

(Indicate page, name of newspaper, city and state.)

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Philadelphia, Pa

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FD-350 (Rev. 10-19-77)

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Casino's Gross Dips 13 Percent In September

Atlantic City — (AP) — Resorts International Inc. announced yesterday that its casino took in an average of $657,838 a day in September, the first month of the traditional off-season in this seashore resort.

The September figure is 13 percent less than August, which saw the casino take in an average of $759,208 a day.

Company officials said the East's only legal casino has taken in $82.84 million, or an average of $647,159 a day, since it opened May 26.

Resorts International chairman James M. Crosby said the casino's "win" — the amount lost by gamblers — amounted to $19.74 million in September, a figure down from $23.56 million in August. The win is also less than in July, but more than in June.

The win figure can be compared to a company's gross revenue and does not include expenses or taxes.

Crosby said the daily average win from the casino's 97 table games amounted to $366,838, or 55.7 percent, and the average daily win from its 1,051 slot machines amounted to $291,422, or 44.3 percent.

Company officials said the early part of the month maintained the frantic summer pace that saw the casino jammed during its 18-hour weekdays and 20-hour days on weekends. They said business slacked toward the end of the month with seats available at most $25 blackjack tables and many $1 slot machines idle.

Nevertheless, Resorts International's casino is still doing more than than three times better than the largest casinos on the Las Vegas "Strip," which grossed about $200,000 a day last year, according to Nevada Gaming Commission officials.

In Nevada, from 10 percent to 17 percent of the win is profit before taxes, but the percentage varies from casino to casino.

However, in testimony before the New Jersey Casino Control Commission on Wednesday, the commission's financial director reported that costs and expenses have amounted to only about 51 percent at Resorts International since the casino opened.

The official, Frank Fee, said the firm is expected to get back 44 percent of its investment in the former Chalfonte-Haddon Hall hotel in the first year.

New Jersey taxes 8 percent of a casino's gross revenue, meaning that the state will receive about $6.63 million in taxes from the casino through Sept. 30. The Legislature has not decided how to spend the money, which is earmarked for the state's senior citizens and disabled.

Until September, the daily average win was increasing every month. The daily win was $438,504 for the last six days of May, $534,627 for June, $666,209 for July and $759,208 for August.

The August figures represented the first full month that the casino had been operating at its present legal capacity.

It now has 70 blackjack tables, 10 craps tables, 10 roulette wheels, four wheels of fortune, three baccarat tables and 1,051 slot machines.

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"The Evening Bulletin"
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Resorts downplays accusations

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY—Resorts International yesterday said that recent official allegations of mismanagement and of improperties at its casino here had given a wrong impression of the operation and that "nearly all" of the 30 violations cited had been corrected.

The response to the allegations, which were made on Friday by the New Jersey Division of Gaming Enforcement, part of the attorney general's office, came in a six-page statement from the firm.

The division cited Resorts for violations of the state casino commission regulations that could result in up to $1.5 million in fines as well as other disciplinary action by the state's Casino Control Commission, which must rule on the complaints.

Among the 30 complaints were allegations that Resorts failed to follow proper accounting guidelines, which made it impossible to investigate the disappearance of $180,000 from a slot-machine change booth and the theft of a tray of $14,260 in chips from a blackjack table.

Resorts' senior vice president, Raymond Gore, said he did not think the allegations, which he categorized as technical in nature, would have any adverse effect on Resorts' temporary operating permit or its application for a permanent license.

"You've got to remember we're dealing with human beings," Gore said. "Some of these problems are human transgressions. Let's not let them look like some big criminal offenses."

Gore said the firm's public response was an attempt to counteract the negative reaction to the division's allegations, which, he said, "caused a great deal of consternation and puzzlement in the investment community."

Trading in Resorts Class A and Class B stock was suspended on Friday by the Americn Stock Exchange after the division filed its complaints. The suspension was lifted yesterday after Resorts' response had been made public.

Gore said the company would file an official reply with the Casino Control Commission within the required 15 days and would ask for a hearing on each complaint. The complaints allege violations including mismanagement in accounting procedures, the hiring of 37 unlicensed casino workers and the conducting of business with firms not licensed to provide casino-related services.

"If you open any new business, (there will be) difficulties that have to be ironed out," Gore said. "We feel most of our problems have been ironed out and corrected. We now have what we consider the largest casino in the world operating quite smoothly."

In its statement, Resorts implied that the state had been at least partly to blame for some of the casino's operational problems in that the commission failed to process the license applications of dozens of prospective employes and of several key companies that supply gaming equipment.

The company also "categorically denied" the division's charge that Resorts Vice President for Operations Walter I. Rogers "misrepresented under oath" the status of certain operational procedures and programs within the casino in testimony before the Casino Control Commission.

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(Indicate page, name of newspaper, city and state.)

"Philadelphia Inquirer"
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FD-350 (Rev. 10-19-77)

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Resorts gets extension on casino license

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — The New Jersey Casino Control Commission yesterday granted Resorts International a three-month extension of its temporary casino-operating license.

The five-member commission voted unanimously to extend the permit after a brief hearing during its regular meeting here. The extension had been expected.

Resorts has been operating New Jersey's only casino since May 26, and the extension will allow it to continue operating until at least Feb. 26.

During the extension period, the commission will prepare for and conduct a full-scale hearing into Resorts' application for a permanent casino-operating license.

Casino Control Commission Chairman Joseph Lordi said he hoped the hearing could begin early in January. Lordi said that the hearing, which would include extensive testimony dealing with the background of the Miami-based firm, is expected to take from two to four weeks.

The New Jersey Division of Gaming Enforcement has been investigating Resorts International for nearly a year. The division will submit a report to the Casino Control Commission later this month. The report is expected to form the basis for the hearing.

The three-month extension of the temporary license is allowed under special legislation passed in April. Under a temporary-licensing procedure, a firm can receive a six-month temporary license with one three-month extension.

Resorts officials said they were confident that they would be granted a permanent license. The firm has grossed $101 million from its casino, which opened on May 26.

The commission also heard yesterday from another potential casino developer.

Chicago-based Bally Manufacturing Co., the world's largest manufacturer of slot machines, unveiled its latest plan for a $100 million casino-hotel complex at the site of the former Marlborough-Blenheim and Dennis Hotels on the Boardwalk at Park Place.

Bally has demolished the Marlborough and a portion of the Blenheim. It plans to convert the Dennis into a 510-room, "first-class" hotel and build a wing that would house a 60,000-square-foot casino.

Additional phases of the construction project call for two 750-room hotel towers.

Bally representatives appeared before the commission yesterday seeking a "declaratory ruling" on the company's proposal to convert the Dennis and build a new casino wing. Under New Jersey's Casino Control Act, any casino-hotel must be in one building. Bally asked the commission to rule that its casino wing and hotel, as proposed, would be considered one building.

The commission withheld ruling on Bally's request pending a State Department Environmental Protection hearing scheduled for later this month.

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PG. 1B "Philadelphia Inquirer"
Philadelphia, PA

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Resorts may lose gambling license for links to mob

As successful as its Atlantic City casino has been, Resorts International could lose its ultimate gamble—its license.

The firm's past is catching up with it.

New Jersey's Gaming Enforcement director just doesn't like the way Resorts International has been known to handle things—both in the Bahamas and Atlantic City.

Yesterday, he recommended that the casino not be granted a permanent gambling license.

It seems state officials, as well as New Jersey Gov. Brendan T. Byrne, want to know more about some mob characters they think may hve had too much to do with the Resorts organization from the start.

Where it hurts

Holding back the license won't stop Resorts from raking in its average $500,000 daily win yet, but the announcement still hit the casino where it hurt.

Stock drops

There was worried talk among Resorts stockholders to sell and sell fast. To try to head off speculation, trading of Resorts stock was stopped for a time. But its American Stock Exchange stock plummeted by almost $5 a share anyway.

What has people who have invested in the enterprise upset is the state recommendation that if Resorts cannot clear its name by February, when its temporary license expires, it'll supposedly have no license to operate at all.

All in jeopardy

So far, $50 million has been pumped into the six-month old monopoly on gambling by the shore.

Old changes

But it's all in jeopardy, according to a 115-page report issued by ythe government. Actually, the charges are nothing new. Books and courtroom notes have provided blow-by-blow accounts. It all points back to the Mary Carter Paint Co., Resorts' forerunner, and the way it ran its casinos inthe Bahamas.

Organized crime figures appear prominently in Resorts' past, according to many accounts.

But Resorts officials have denied any connection to mobsters. Investigators, who have pointed to some improper workings in the organization, tell a different story.

misplaced $180,000

In addition, the casino recently admitted to "misplacing" $180,000. Resorts was accused of using the same shaky accounting methods in Atlantic City that were trouble for its operation in the Bahamas.

Gaming Enforcement director Robert P. Martinez listed 17 separate problems.

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~~Pg. 3~~ "Philadelphia Journal"
Philadelphia, PA

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Who's who in Resorts Past?

Reputed underworld figure Meyer Lansky has had connections with people linked to Resorts International, according to the New Jersey Attorney General's office.

It's like a Who's Who in Organized Crime.

Here's who's named by New Jersey officials as some of the shady people at one time connected or employed by the Resorts International operation.

Many dealt with the company when its name was Mary Carter Paint Co., or during the set-up period for its casinos in the Bahamas.

Investigators now want to know what stake, if any, these people have in Resorts:

- **Meyer Lansky, known among the feds as the Mafia's financial wizard, who operated casinos in pre-Castro Cuba.**
- **Edward Cellini, one of Lansky's alleged associates, and former manager of Resorts' Paradise Island casino.**
- **Joseph "Joe Black" Lamattina, reputed to be associated with the New England crime family of Raymond L.S. Patriarca, and employed by Resorts in the Bahamas.**
- **Carlo Mastrotoraro, another New England crime figure, was involved in gambling junkets.**
- **Vincent "Big Vinnie" Teresa, who after getting permission from Lansky and Patriarca, also ran junkets to the Bahamas.**
- **J.J. Frankel, who at one time was vice president of a company that bought the Mary Carter Paint Co., the Resorts' forerunner, had business dealings with at least seven known criminals.**

Until Resorts establishes "by clear and convincing evidence" that it has rid itself of underworld connections, officials said, its gambling license will be held for ransom.

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Pg. 3 "Philadelphia Journal"
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Casino operator's gamble has paid off in the Bahamas

By Leslie Wayne
Inquirer Staff Writer

PARADISE ISLAND, The Bahamas — Night after night, sleek Cadillacs and crowded tourist buses jockey for position outside the glittering Paradise Island Casino here, ready to disgorge suntanned passengers eager for a challenging evening at the gentlemanly pastime of gaming.

The tourists crowd onto an elegant red-carpeted staircase that leads to the casino doors, a bright path marking the way to a timeless world of jingling slot machines, crystal chandeliers and the silent passing of money across green baize table tops.

Resorts: An analysis

Last of two articles

This is the world of Resorts International — the Bahamas connection.

It is a world that includes two elegant and increasingly profitable casinos, the world's oldest commuter airline, 10 restaurants, a 145-acre golf course, nearly 200,000 acres of prime real estate and three hotels whose guest lists have included former President Richard M. Nixon, his close friend Charles G. (Bebe) Rebozo and former Secretary of State Henry A. Kissinger.

This is where it all began, when a Matawan, N. J., firm, quaintly named the Mary Carter Paint Co. decided to diversify its holdings and in 1963, purchased 1,300 acres near Freeport on Grand Bahama Island.

In 1965 it purchased a majority interest in Paradise Island, an ill-fated development venture of A&P heir Huntington Hartford, who had alienated a powerful group of Bahamian merchant-politicians and was consequently denied the two things Resorts later received to make the venture successful: a casino license and permission to build a bridge to connect Paradise Island to Nassau on New Providence Island.

Here in the Bahamas, Resorts is secure. New Jersey, however, is another matter.

Resorts' gambling and hotel empire spread to New Jersey this year when the company obtained a temporary gambling license and opened the first casino in Atlantic City — a venture that has grossed nearly $600,000 a day for the company since it opened on May 26.

But last week the New Jersey state attorney general's office recommended that Resorts be denied a permanent license because of allegations of possible involvement with organized crime and allegations of questionable business practices.

That, however, is hardly the picture that greets the tourist who walks into this casino with its mirrored ceilings, flocked red velvet wallpaper, slender male croupiers with European accents, and leggy cocktail waitresses in fishnet stockings.

On Paradise Island, tourists attired in anything from evening wear to jeans wander casually through the gaming hall where blackjack tables stand idle, rows of slot machines go untouched and sounds of quarters

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The Philadelphia Inquirer
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falling on metal fill the air. Sometimes there is a crowd, suntanned and smiling, gathered around a roulette table; at other times just a handful of people may be playing.

But the New Jersey gaming enforcement investigators went beyond what the tourists see, and looked into the history of Resorts International's Bahamian operations. From that investigation, they made the following allegations:

- That the Mary Carter Paint Co., in its quest for a Bahamian gambling license, entered into a business partnership with "individuals and organizations of unsuitable character and nature," including Louis Chesler, once tied to reputed Mafia financial kingpin Meyer Lansky, and Wallace Groves, who was convicted of securities-related mail fraud.
- That the company had hired Sir Stafford Sands, a powerful Bahamian attorney, proponent of gambling and a cabinet minister in its quest for a license. Sands later was found by a Bahamian government inquiry to have received $500,000 and possibly up to $1 million from a company headed by Groves and Chesler.
- That the raising of $24 million by the Mary Carter Paint Co. during the first two years of its gambling operation was handled by persons who were later disciplined by the Securities and Exchange Commission (SEC), who pleaded guilty to federal banking law violations, who had close Mafia ties or who had their broker-dealer's licenses revoked by the SEC.
- That between 1967 and 1970 the Paradise Island casino was managed by Edward Cenilli, a former employe at Havana casinos said to be controlled by Lansky and an operator of illegal casinos in Ohio and Kentucky. The Bahamian government eventually ordered Resorts to terminate its relationship with Cenilli, but, the report alleges, Resorts continued to retain his services for a "substantial" period of time.
- That Resorts had allowed its tour services to the Paradise Island casino to be operated by persons having a "record of criminal associations."
- That Resorts had maintained an unrecorded cash fund used to make "goodwill" payments to Bahamian public officials.
- That the accounting and internal cash-control procedures at the Paradise Island casino were so inaccurate that it was impossible to precisely determine the amount of funds flowing through the gambling operations there.

Cellini

Resorts' response

se allegations were immediately attacked last week by Resorts' president I. G. (Jack) Davis, who claimed that many of them had been published in magazine and newspaper articles during the last 10 years and that Resorts would be able to refute them at its licensing hearings next month before the New Jersey Casino Control Commission.

Davis said, as he has many times before, that Resorts "does not now and never has had any organized crime connections."

Financially, life has been good to Resorts in the Bahamas and, in interviews, corporate officers say they expect it to get better.

Annual gross gaming revenues (the amount Resorts takes in before deducting operating expenses) at its Paradise Island casino have increased from slightly more than $8 million in 1968, its first full year of operation, to $22 million in 1977. Corporate officers predict that revenues will reach $24 million in 1978.

(Of course this figure pales in comparison to the gross revenues from Atlantic City, where Resorts has had takes in amounts from a low of $16 million to a high of $23 million each month since it opened.)

Like the Paradise Island gaming revenues, the pre-tax earnings for Resorts' combined operations — the hotel, casinos and restaurants — have increased over the years, from $5.4 million in 1973 to $10.4 million in 1977, according to Resorts' 1977 annual report.

Resorts took over operation of El Casino in Freeport from a group of Freeport businessmen last January 1. That casino, whose operating license was given to Resorts by the Bahamian government, is expected to bring in $22 to $24 million in this, its first year of operation by Resorts.

To a large extent, Resorts is the beneficiary of a tourist boom that has been sweeping the Caribbean and has been particularly strong in the Bahamas. Unlike Atlantic City, where gambling was introduced to breathe life into a fading resort city, Paradise Island attracts tourists largely for its glittery hotels, breathtaking beaches and the year-round balmy climate. Casino gambling is but an extra attraction.

Boom y tourism

According to the Bahamian Ministry of Tourism, the number of persons traveling to the Bahamas has increased 26 percent this year over 1977, and the 1.4 million tourists who have come to the Bahamas between January and October this year have already broken last year's record number.

"Ten years ago this was a seasonal resort," said Joseph Manes, the Paradise Island casino manager, as he sat in his plush office.

"Now you've got more cruise ship traffic, and we've got a 12-month economy here," he said. An open door at one side of the office revealed a bank of television screens, each set fixed on various gaming tables. "The Bahamas aren't attracting tourists because of the gambling. We just happen to be here. The casino is just part of a total promotional package."

Politically, too, life here could not be rosier for Resorts. Fears that Prime Minister Linden O. Pindling's Progressive Labor Party, which was voted into office when the British left in 1973, might nationalize the casino when Resorts' 10-year "certificate of exemption" (casino operating permit) expired in 1977 have proved to be groundless.

In fact, some contend that it was a fear of a Bahamian takeover of the casino that sparked Resorts' interest in the New Jersey casino gambling referendum.

Concern over a possible takeover was so strong that the 1975 Resorts International annual report (issued in 1976) said the company could give investors "no assurance" that it would be operating the Paradise Island casino after the 1977 permit expiration date.

But from 1976 to 1977 Resorts' president Davis continued to deny that his company's interest in Atlantic City was meant to offset the possible loss of the Bahamas casino — a denial that corporate officers repeat to this day.

"There's no foundation to that," said Barry Farrington, vice president for Bahamian operations. "We all knew the license was going to expire. But the company always had a good relationship (with the Bahamian government). We didn't expect not getting the license."

Under the newly negotiated 1 certificate of exemption," expires in 1987, the Bahamian government takes a bigger bite of the Paradise Island casino's revenues, and ownership of the casino itself has been transferred from Resorts to a government- run hotel corporation.

Resorts was selected by the Bahamian government over Playboy Enterprises, which also had expressed an interest, to operate El Casino in Freeport under a similar 10-year lease. El Casino operators relinquished their interest, saying they could not meet the government's new demands.

Where Resorts once paid a $2 million minimum annual tax and license fees on one casino, it now must pay a $5.5 million annual license fee and an estimated $3 million in taxes on two casinos — an amount which, while cutting deeper into the Bahamas casinos' revenues, will be no problem, according to Resorts' officials.

"Our reduction in profitability will be more than offset by an increase in Grand Bahama," Raymond Gore said. "And we think that our profits from the Bahamas will continue to be higher this year from the last."

In return for the tax and license costs, Resorts receives some important concessions — the security of a 10-year lease at both Bahamas casinos, the assurance that no new casinos will be permitted in Nassau during the period of the lease (other than a small casino recently opened by Playboy Enterprises), and the right of first refusal to operate any other casino the government might authorize for Grand Bahama Island.

And the Bahamas' casinos, if Resorts is denied a license in New Jersey, could be the only casino-related holdings that Resorts has.

3 *

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Casinos: Boom or bust? The answer is in the past

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY—What was once the surest bet in town is now only an even-money proposition.

Resorts International—the operator of New Jersey's only casino, which has grossed more than $119 million in less than seven months—is being given only a 50-50 chance of being granted a permanent license to operate its casino after the temporary license expires on Feb. 26.

And if Resorts does not get that license, not only would it be out of business here, but the likelihood that some other big-name firms would ever get a piece of the action in town also would be much slimmer.

The casino's problem is a result of the New Jersey Division of Gaming Enforcement's report on its investigation of Resorts, issued last Monday. It recommends that the permanent license be denied.

The 115-page report raises serious questions about Resorts' background, including alleged links with associates of underworld financier Meyer Lansky and reports of bribes and payoffs in the firm's casino operation in the Bahamas.

The final decision will be made by the five-member New Jersey Casino Control Commission, which is scheduled to begin hearings Jan. 8 on the license application.

The hearings will determine whether state officials will enforce strictly what they have contended are the toughest casino-control regulations in the world, and whether several other potential casino developers with questionable past associations also can expect licensing problems.

No one really expected the Division of Gaming Enforcement, a branch of the state attorney general's office, to come down on Resorts as hard as it did. And there are those who still believe the report is just saber-rattling.

In the end, many are saying, Resorts will have to make some concessions, possibly fire some employes and sever some business connections —but in the end, the company will be granted a license.

That is not the outcome expected by some in the New Jersey attorney general's office.

Sources there indicated last week that, in the opinion of top law-enforcement officials in the state, Resorts should not be granted a license. And, they say, the report was aimed not only at Resorts but at any other casino developer whose past is questionable.

"What we're saying is, if you're a clean company, if you run a clean operation, you have nothing to fear in New Jersey," said an aide to Attorney General John Degnan. "But if you want to come here with skeletons in your closet, then you're wasting your time."

The Division of Gaming Enforcement does not believe that Resorts runs a clean operation.

Its report raises 17 specific questions about the company dating back to 1967, when Resorts — then known as the Mary Carter Paint Co. — first ventured into the casino business in the Bahamas.

Most of the charges and allegations center on the Bahamian operation: about questionable financial sources that supplied $24 million to the company; about associations and employment of persons linked with Lansky and other organized-crime figures; about shoddy practices, kickbacks, unreported cash reserves and alleged bribes and payoffs.

And if past associations and questionable business practices are cause for concern, consider what the division is likely to find in the pasts of some of the other casino developers who already have invested a lot of money here.

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• Bally Manufacturing has been linked in the past with Gerardo Catena, said to be a North Jersey crime figure who succeeded the late Vito Genovese as head of one of New York's five organized crime families.

A former Bally vice president and director, Samuel W. Klein—at the time the company's largest stockholder—was ordered in 1976 by Nevada gaming officials to resign from the company and sell all his stock because of his association with Catena.

State investigators probably would also inquire into the details of a $13 million loan Bally received from the Teamsters Central States Fund, which was the subject of a U.S. Justice Department investigation. According to the division's report on Resorts, investigators already have raised questions about Bally's past employment of the late Dino Cellini as a slot-machine salesman in the Bahamas in the 1960s.

Both Dino Cellini and his brother, Eddie, were linked with Resorts' Bahamian operation. Both were said to have been associates of Meyer Lansky who had worked in Lansky's casinos in Cuba before the Castro government closed down Lansky's operations.

More on the past

• Penthouse International lost its casino in London in 1971 after gaming officials there charged that unauthorized persons, including alleged organized-crime figures, were being allowed to gamble there.

State investigators are gathering details on Penthouse's London operation and also are interested in its land purchases here. Of particular interest is the purchase of the Mayflower Hotel, which was owned by persons said to be associates of Angelo Bruno, a Philadelphia-South Jersey organized crime kingpin, before its sale to Penthouse's president, Robert Guccione.

• Caesars World was involved in a real-estate transaction in the Poconos with Alvin Malnik, reputedly the front man for Lansky.

Like Bally's Cellini connection, the transaction was listed in the report on Resorts.

• Claridge Associates, a group of Connecticut businessmen, took over the Claridge, a stately Boardwalk hotel, this year by buying out two original partners in the project whose suspected associations with organized-crime figures are already the subject of inquiries.

Officials for these four casino projects, all of which hope to open within the next year, say they are confident that they will be licensed and that any alleged or real problems in the past have been corrected.

For instance, Richard Gillman, Bally's vice president, says his company has been investigated by both Nevada gaming officials and the Securities and Exchange Commission.

Washed and rinsed

"We've been totally through the mill, washed and cleansed to the point where we're proud of the company and don't see any trouble in getting a license," he said. "Anything that might have been done incorrectly was corrected many years ago."

"We're not concerned about anybody finding any skeletons," said Caesars' vice president Mark Geller. "The Malnik thing was investigated by everybody from A to Z. There was nothing wrong with it, and we don't think it will have any impact."

Although past associations figure heavily in the accusations against Resorts, the state is also not entirely pleased with the way the firm has operated its New Jersey casino. Throughout the report is the implication that the cavalier attitude Resorts took into its Bahamas casino venture has carried over to the New Jersey operation.

The division said that many of the same "deficiencies" found in the accounting and internal controls of Resorts' Paradise Island casino have occurred at its casino here, and it cites 30 violations of state casino control regulations, including the disappearances of $180,000 in coins from a slot machine change booth and of a tray containing more than $14,000 in gambling chips.

Of even greater concern, division sources say, is the continued business and personal associations of top Resorts officials with persons of questionable reputation. This particularly applies to Seymour Alter, Resorts' director of real-estate acquisition in Atlantic City.

Alter has, at best, a checkered past, and the fact that he holds a high position in Resorts has led division investigators to question the integrity of the company, according to sources in the attorney general's office.

Alter's office on the 14th floor of the Resorts International Hotel Casino on the Boardwalk next to the offices of chairman James Crosby, president I. G. (Jack) Davis and vice president Steven Norton.

Alter is believed to be involved in most of the company's high-level decisions.

He once admitted under oath that he had tried to bribe a New York State judge and that he had supplied "paid female companions" for Bahamian officials who were Resorts' guests on a trip to Las Vegas. He has been linked with Alvin Malnik, the Lansky associate.

Alter also was a subject of the Senate Watergate Committee's investigation into the laundering of money that ended up in the campaign funds of former President Richard M. Nixon.

Both Resorts and Alter say that they have done no wrong, and that the allegations made by the Division of Gaming Enforcement are irresponsible.

Resorts, in fact, plans to issue a point-by-point rebuttal sometime this week.

Company officials say they are confident that they will be exonerated after a full hearing before the Casino Control Commission.

But sources in the attorney general's office, who frankly admit that the Division of Gaming Enforcement has "gone out on a limb" by making such a strong recommendation against Resorts, say they have already heard — and do not accept — many of Resorts' defenses.

"A lot of these questions have been raised in the past," one source said, "but if we kept them in our report it's because Resorts has not explained them away to our satisfaction . . . For example, how can they keep a guy like Alter around? What does that say about the company?

". . . It all rests with the commission now. We're trying to convey a broad picture of Resorts as a company . . . and show some continuing practices and associations."

That picture, at least according to the attorney general's office, deserves careful scrutiny. The burden of proof now rests with Resorts, which, under the Casino Control Act, must "establish by clear and convincing evidence its qualifications for licensesure . . ."

(If Resorts is denied a license, the state will appoint a receiver who will run the casino-hotel until a new owner can be found.)

Some observers think that the Division of Gaming Enforcement has painted the state into a corner by taking a hard stand against Resorts.

If the Casino Control Commission denies Resorts a license, the observers say, then development here will be sharply curtailed because several other companies will have to reassess their positions. No company wants to open a casino with a temporary license unless it is reasonably sure it will be granted a permanent license.

If, on the other hand, the commission grants Resorts a license, then the integrity of the division and the state's grandiose claims that it is running a tightly regulated industry would come under question.

FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Flood tie seen in N.J. casino probe

Bulletin Wire Services

Washington — New Jersey's broadening investigation into the past dealings of Resorts International now involves a casino in Haiti and Pennsylvania Congressman Daniel J. Flood, the Washington Post reported yesterday.

The Post said sources close to the probe say the state's Division of Gambling Enforcement is seeking to interview Lucien Rigaud, 42, a fugitive Haitian businessman who was special representative to Haiti's president, Jean-Claude (Baby Doc) Duvalier from 1973 to 1975.

Reportedly, Rigaud also served as Haiti's go-between with Flood. Rigaud's mission was to obtain increased foreign aid for the Caribbean nation and to promote business investment by American companies.

The newspaper said Rigaud and others had attempted to promote Resorts International in Haiti in order to break the gambling monopoly held by the Duvalier family. It said the bribery allegations center on those negotiations.

Flood, a Wilkes-Barre, Pa., Democrat, has been indicted on 13 counts of bribery, perjury and influence-peddling. The charges are not related to the Resorts investigation.

The Justice Department has suggested that Rigaud, now living in Switzerland, could document the bribery allegations made against Resorts, a New Jersey law enforcement official told the Post.

New Jersey is investigating the firm, which is operating the first casino in the state in Atlantic City, to determine whether the firm should receive a permanent license. If the license is rejected, as the state attorney general has already recommended, Resorts will be forced to sell its lucrative casino-hotel.

According to the Post, the bribery allegations against Resorts are made in documents, FBI reports and interviews the FBI has already made available to New Jersey.

According to an interview the Post said it had with Rigaud from Geneva last weekend, Rigaud identified the following people as participating in the negotiations between Haiti and Resorts:

— Stephen B. Elko, Flood's former administrative assistant, who is serving three years in federal prison for taking kickbacks in connection with obtaining federal funds for a now-defunct chain of California trade schools.

— Ed Dixon, a Pennsylvania businessman from whom Resorts bought the small island-hopping Chalk International Airlines in Miami after he ran into difficulties with the Internal Revenue Service in the early 1970s.

— James M. Crosby, chairman of the board of Resorts International who controls the majority of the voting stock of the publicly held corporation through his own holdings and those of his family.

— Robert Peloquin, president of Resorts' security subsidiary, Intertel.

According to the newspaper, Peloquin has confirmed to the Post that the negotiations took place "three or four years ago" and that Peloquin, Elko, Dixon and Crosby all participated. But Peloquin denies any impropriety, the Post said.

Rigaud fled from Haiti in late August and reached Cuba where he was met by Justice Department officials who took him to Washington for several days of questioning.

At that time, one source said Rigaud's account detailed earlier reports that Flood had allegedly tried to arrange for federal aid to Haiti in return for a hand in choosing the companies that would receive Haitian contracts.

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Casino Denies Hiding Losses

ATLANTIC CITY (UPI) — Resorts International Inc. executives say they did not withhold the disappearence of nearly $180,000 from slot machine operations from the Casino Control Commission.

I.G. (Jack) Davis, Resorts president, yesterday testified during the third day of commission hearings into nine complaints lodged against the East Coast's only legalized casino operation.

The hearings are scheduled to continue today.

AT A JUNE 12 meeting, Resorts went before the commission to request an expansion of their gaming license. The state contends the firm knew $179,195 was missing prior to that meeting but failed to report it.

The state also charged the firm misrepresented itself by not notifying the commission or the Division of Gaming Enforcement of problems encountered during the first weeks the casino was open, when the money was reportedly lost.

Davis said he learned about the missing money on July 9. "To this day, I don't know what caused the discrepancy," he testified.

DAVIS SAID that with overwhelming crowds and the lack of experienced and licensed personel, there was no way the firm could have complied with casino regulations to the letter.

When asked by Assistant Attorney General Richard Morrissey whether he had broken faith with the state by not revealing the problems, Davis replied, "I felt it was not in any way a breach of faith regarding a situation that was still speculative. Besides, it was our money."

Davis said he had made sure that the missing money had in no way shortchanged the public or the state.

Casino Exec Hospitalized

James Crosby, 51, chairman of Resorts International, Inc., yesterday was admitted to Atlantic City Medical Center and listed in satisfactory condition with emphysema. He had testified earlier in the day at a Casino Control Commission hearing into nine violations of the Casino Control Act filed against Resorts by the Division of Gaming Enforcement. At the hearing, Crosby was visibly racked by his ailment.

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— Robert Peloquin, president of Resorts' security subsidiary, Intertel.

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Casino suspends official linked to bribe case

By D. W. NAUSS
Bulletin Shore Bureau

Atlantic City — Resorts International yesterday suspended its director of real estate operations because of his alleged role in the attempted bribe of a New York judge in 1962.

The official, Seymour Alter, was suspended with his consent pending the outcome of state hearings into his activities, according to Resorts president I. G. (Jack) Davis.

Last week, the state Division of Gaming Enforcement cited Alter's relationship with Resorts as one of several reasons that the company should be denied a permanent gaming license.

The division report said that Resorts has extensive business dealings with Alter and employs him even though he "has admitted in sworn testimony an attempt to bribe a judge and to supplying paid female companions to Bahamian officials."

Alter will continue to draw his $37,000 yearly salary from Resorts. He also collects $24,000 annually from Resorts Gift Shop, a corporation he owns jointly with Davis.

Davis, a personal friend of Alter, said the 16-year-old bribery incident was previously unknown to Resorts. He noted Alter was never formally accused or convicted of bribery.

"This action in no way reflects our belief as to the validity of the charge," Davis said in a prepared press release.

Davis told reporters the suspension was not designed to mitigate recent bad publicity resulting from the division's findings. "This is not a public relations move," Davis said. "This is a move that is a sound business decision."

Division officials, who will push before the Casino Control Commission early next month to deny Resorts a license, refused comment on yesterday's action.

Alter's past associations and his banking and business transactions, many with Resorts and its parent company, Mary Carter Paint Co., have been the subject of numerous investigations.

He was also investigated in connection with the Watergate scandals for possibly laundering "skimmed" money from Bahamian casinos, including those owned by Resorts.

Alter, an Atlantic City resident, could not be reached for comment.

According to the division, Alter's relations with Resorts go back to the early 1960s when the Mary Carter Paint Co. purchased a Bahama island from A&P heir Huntington Hartford.

Prior to the purchase, Alter was Hartford's financial adviser and tried to obtain a license to operate a casino on the island, later known as Paradise Island.

In previous interviews with the division, Alter said he was approached by Alvin Malnik, a Florida attorney, who said he could aid in the licensing. Malnik introduced him to Meyer Lansky, a reputed organized crime boss, Alter said, but he recognized Lansky and refused to talk with him.

Alter's efforts for Hartford did not go unrewarded, however, and he was set up to manage a New York liquor store that Hartford owned. Two liquor law violations were lodged in 1962 that threatened the shop's operating license.

The division said Alter told them he consulted Eric Javitz, nephew of U.S. Sen. Jacob Javitz (R-NY), for help. He said he was put in contact with Melvyn Thaler, secretary to New York State Supreme Court Judge Mel-

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vyn Osterman.

Alter said he was told the violations could be fixed for $25,000, but law enforcement officials stepped in before any money changed hands. Alter subsequently testified under a grant of immunity before the grand jury and Osterman pleaded guilty to three counts of conspiracy to bribe.

The division report noted that Alter has admitted to them under oath that he paid for girls procured through hotel bell captains when taking Bahamian public officials on excursions to Las Vegas and Acapulco, Mexico.

The division noted the close personal and business ties Alter has maintained with Resorts top officials over the years.

Along with Davis, he received a $307,500 loan from the Bank of Commerce, the division said. The bank has refused to cooperate with the division in the investigation of Resorts' finances.

Besides the gift shop, which is located in the lobby of Resorts International Hotel-Casino, Alter is also a partner with Davis in several local real estate deals. He bought land as a straw man for Resorts prior to passage of the casino referendum.

Alter also receives a $6,000 yearly consulting fee from the Paradise Island Bridge Co. Ltd., of which Resorts board chairman James Crosby is president.

During the Watergage affair, Alter was suspected of being part of a scheme to skim funds from Bahamian casinos which were then laundered through banks controlled by Charles (Bebe) Rebozo, a friend of President Nixon, for use in reelecting the President.

No charges were ever brought against Alter in regard to the Watergate matter.

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FD-350 (Rev. 10-19-77)

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Tainted Casino Exec Purged

ATLANTIC CITY (UPI) — Responding to state charges that it had not purged itself of criminal ties, the operator of Atlantic City's only casino suspended a top-level official linked to bribing a judge, procuring women for public officials and laundering Watergate money.

Resorts International President I.G. Davis Jr. suspended Seymour Alter as director of real estate operations Tuesday. He reportedly earned $43,000 a year and owns up to 32,000 shares of Resorts International stock.

IN 1973, ALTER was linked to the Watergate scandal following allegations he "skimmed" money from Resorts' Paradise Island operation in the Bahamas, obscured its origin and deposited it in the Florida bank owned by Bebe Rebozo, former President Richard M. Nixon's confidant, for use in GOP political activities.

Davis said Alter would remain off the Atlantic City payroll until the state decides whether to grant Resorts a permanent casino license.

The casino's future was put in jeopardy Dec. 4 when the state attorney general's office said Resorts should not be granted a permanent license because it had not severed ties to people once linked to organized crime.

THE STATE DIVISION of Gaming Enforcement charged Alter was involved in a 1962 attempt to bribe a New York Court of Claims judge and the former chairman of the New York State Liquor Authority.

It also alleged that Alter had supplied paid female companions to public officials at Resorts' two Bahamas casinos.

IN ANOTHER development, Walter I. Rogers, Resorts' vice president of gaming operations, denied before the Casino Control Commission that he had improperly influenced pay raises to employes outside his jurisdiction.

The commission is investigating nine complaints lodged against Resorts, including the loss of $180,000.

When Richard Morrissey, an attorney for the state, presented memos from Rogers' office recommending the raises, Rogers said it looked like his secretary had signed the documents without his knowledge.

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Resorts will get city's backing in license fight

By Ellen Karasik
Inquirer Staff Writer

ATLANTIC CITY — The city commissioners reaffirmed a pledge yesterday to support Resorts International, the city's only casino, in its application for a permanent gambling license.

City Commissioner Pierre Hollingsworth said he and his four colleagues had made a commitment to go before the Casino Control Commission at hearings next month to testify to Resorts' "good character."

"Resorts has made a major contribution to this city's economy," Hollingsworth said. "I do not intend to be a judge or jury concerning allegations against Resorts. I just intend to give it a character reference."

Resorts' application for a permanent casino license was jeopardized earlier this month when the state attorney general's office issued a report recommending that Resorts be denied a license. Its temporary license expires in February.

The 115-page report cited 17 objections to a permanent license for Resorts, including allegations that the firm had ties to organized-crime figures in Florida and the Bahamas, that it associated with businessmen of questionable integrity and that it mismanaged its casino here and its casino in the Bahamas.

Hollingsworth said the commissioners' agreement to support Resorts would not set a precedent for hearings involving other casino applicants.

"We can call the shots as we see them," Hollingsworth said. "In this case I do not hesitate in stating how well we have worked together with Resorts and what they have done for this city. There is no reason why we would have do the same for any other company."

The commissioners agreed to support Resorts on Thursday evening when the firm's president, I. G. (Jack) Davis, told them at a public meeting, "We are all in this together. If our cause should fail, the cause of Atlantic City is destined to fail."

Resorts has invested $80 million in Atlantic City and only days ago announced plans to build a second casino hotel adjoining its present Boardwalk facility at an estimated cost of $80 million.

In the first nine months of operation, Resorts has grossed $119 million from its casino operation.

In another development, Resorts scrapped plans to buy the slot machine division of Williams Electronic Inc., makers of Seeburg slot machines. Resorts has intended to manufacture its own slot machines and challenge the supremacy of Bally Manufacturing Corp., which controls 80 percent of the slot machine market.

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Probe may cost Resorts $1 million

Associated Press

TRENTON — Resorts International could owe New Jersey $1 million for the state's casino-license investigation even if the Casino Control Commission denies the company's request for a permanent gambling license, as a state agency has recommended.

State casino law requires applicants for a permanent license to submit a $100,000 nonrefundable deposit and to pay the full cost of the state's background investigation.

Resorts International, which submitted its application a year ago and opened its Boardwalk gambling palace last Memorial Day weekend under a temporary license, already has paid $550,000 of its investigation bill — including the $100,000 deposit.

Bally Manufacturing Corp., the second casino-license applicant, also has paid $550,000, and Caesars World, the third applicant, has paid $565,000. Both plan to open casinos next year.

Ben Borowsky, Casino Control Commission spokesman, said Resorts International's tab could reach $1 million by the time the commission opens its hearing next month on the company's request for a permanent license.

The state Division of Gaming Enforcement, part of the attorney general's office, has recommended that Resorts be denied a permanent license. State investigators filed 17 objections earlier this month, alleging that the company had associated with businessmen with links to organized crime and had engaged in questionable business practices at its casinos in Atlantic City and in the Bahamas. The company has denied all the charges.

Resorts' Atlantic City casino, which is one of the world's most profitable, has won gamblers' money at an average of $630,997 a day since it opened, for a total of more than $125 million. All expenses and operating costs are paid out of those net winnings.

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Pg. 2B "Philadelphia Inquirer"
Philadelphia, PA

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Overseer: Casino not criminal

But $146,500 fine is recommended

Associated Press

ATLANTIC CITY — A member of the Casino Control Commission reported yesterday that he believed Resorts International Hotel Casino was innocent of state charges that it covered up or misrepresented itself to New Jersey casino authorities in connection with a $179,195 shortage in its slot-machine operations.

Commissioner Kenneth N. MacDonald recommended, however, that the company and two of its officers be fined a total of $146,500 for 30 technical "but not insignificant" violations that occurred during the casino's first weeks of operation.

MacDonald also found that the casino allowed the apparent theft of a blackjack table tray containing $14,260 in chips.

MacDonald's 68-page report to fellow commissioners was made public by Resorts International officials yesterday. It followed a week of hearings in mid-December on administrative charges brought by the state's Division of Gaming Enforcement.

The five-member commission is expected to act on MacDonald's recommendations tomorrow, five days prior to the start of commission hearings on Resorts' application for a permanent casino license.

"I did not let them off the hook on some of the violations. They were certainly important. But I did not find any evidence of criminality," MacDonald said in an interview yesterday.

The report noted that the violations occurred during the casino's first weeks, when public response to its opening was "overwhelming" and surpassing "everyone's wildest dreams."

"Within a few days after the casino opened (on May 26) it became apparent to Resorts' management that . . . Resorts could not comply with the letter of each and every regulation of the commission," MacDonald said.

"Resorts at that juncture had to make some practical business decisions," he said. "The company chose to serve the public as best it could with the knowledge that it was in violation of several commission regulations."

MacDonald noted that company president I. G. (Jack) Davis Jr. had testified that he told Robert P. Martinez, director of the gaming enforcement division of his dilemma.

According to Davis, Martinez told him to exercise his own business judgment and said that if violations were committed, Resorts International would "down the road in a couple of months, get — I don't remember whether he said a traffic violation or a speeding ticket — but it was something of that nature. . . ."

MacDonald recommended that the company be cleared of the most serious charges: that executives failed to report a $179,195 shortage in its slot-machine change booths and that they lied when they told the commission on July 12 that the casino was running emoothly enough to justify a major expansion

MacDonald said that state authorities and casino officials still did not know whether the money, which represented 0.2 percent of the handle during the first weeks, was actually missing, or whether the shortage was instead a massive bookkeeping error.

After the casino took an inventory of all its coin on July 6, officials noted the discrepancy in the casino's daily income journal, which is "readily accessible" to state authorities MacDonald said.

(Indicate page, name of newspaper, city and state.)

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FD-350 (Rev. 10-19-77)

(Mount Clipping in Space Below)

Pennsylvania's leading mobster: His rise and fall

Russell Bufalino has "retired" from his various businesses, which federal authorities say have included loan sharking, gambling, diamond and silver smuggling, fencing stolen goods and labor racketeering. Like other retirees, he is living in Florida — but with a catch. For the first time in his life, he is in jail.

By Mike Leary
Inquirer Staff Writer

For Russell Bufalino, the aging boss of organized crime in the hard scrabble coal country of northeastern Pennsylvania and one of the most powerful mobsters in the country, it was to be the last extended trip South.

As a lawyer for Bufalino explained to a case officer for the U.S. Immigration and Naturalization Service almost a year ago, it would just be a journey down to Bufalino's winter villa in Hollywood, Fla., a suburb of Miami, where he was going to get a little sea and sun.

The case officer's approval was necessary because Bufalino, who was born in Sicily, had been declared an illegal alien and the government was still trying, unsuccessfully, to deport him.

At 75, Bufalino, a stumpy, swarthy man with glaring hazel eyes, two fingers missing on his left hand and a nasty, gleaming white scar on his right temple, was thinking about "possible relocation" in Florida, or so his attorney told the case officer.

Bufalino had, the lawyer claimed, "retired" from his various businesses, which federal authorities say have included loan sharking, gambling, diamond and silver smuggling, fencing stolen goods and labor racketeering. His health was failing, the lawyer said. The old man had diabetes, was blind in his right eye

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THE PHILA. INQUIRER

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FBI/DOJ

from an accident in his youth, suffered back spasms and had suffered a heart attack five years earlier.

Bufalino got the approval for the Florida trip and left last Jan. 20. It was to be his last hurrah.

Florida is where he is today, although under circumstances not of his choosing. He is in jail — for the first time in his life — serving four years on a 1977 federal extortion conviction after having exhausted all of his appeals. The U. S. Supreme Court recently refused to hear his final appeal.

Who is this man, Russell Bufalino, and how did he manage to stay out of prison all those years? And why is he now, at last, imprisoned at 75?

Perhaps the best way to answer those questions is to focus on that Florida trip last winter.

Although Bufalino received routine approval for the trip, it later developed that he was telling his case officer somewhat less than the full story about his plans. And they did not seem to have much to do with his health.

Things had gotten a little uncomfortable in January up in Kingston, a Wilkes-Barre suburb where Bufalino lives in a modest home across from a Little League baseball field.

A federal grand jury had begun an investigation based on revelations made during the controversy over the firing of David W. Marston as U. S. attorney for eastern Pennsylvania. It was asking questions about Bufalino's good friends and erstwhile business associates, the Medicos, who own Medico Industries Inc., one of Wilkes-Barre's major businesses. The jury was wondering why the local congressman, Daniel J. Flood, had worked so diligently to win about $60 million worth of government defense contracts for Medico Industries and whether the firm had ties to organized crime.

Bufalino's name had popped up publicly in connection with the investigation. And Bufalino did know Flood, having once told an immigration hearing, "I have had dinner with him." (The Medico investigation did not yield an indictment; Flood has been indicted on influence-peddling charges unrelated to that probe.)

But the main reason for Bufalino's January trip to Florida, federal sources now say, was to help arrange a national meeting of mob leaders to discuss burgeoning problems with law-enforcement agencies, including a federal grand jury inquiry into alleged payoffs to longshoremen in big East Coast ports, and how to blunt the investigations.

The meetings, held inside a closed-up Miami Beach restaurant and outside on the beach near the Fontainebleau Hotel, took place Feb. 18 and 19, according to federal sources. The top mobsters, about two dozen of them, separately checked into numerous hotels around south Florida, apparently to confuse and disperse watching federal agents before the actual meeting.

One of the "delegates" was said by federal officials to be Bufalino's old friend, Angelo Bruno of Philadelphia. Bufalino used to talk regularly on the telephone to Bruno until he discovered that the FBI was wiretapping him.

Biggest since 1957

The February meeting in Miami Beach has since been described by law-enforcement sources as one of the biggest since the famed 1957 mob gathering at the rustic Apalachin, N. Y., home of the late Joseph Mario Barbara Sr., a convicted bootlegger suspected of at least three murders and the man whom Bufalino succeeded as boss of the northeast Pennsylvania mob. (Apalachin is just above the Pennsylvania state line.)

Bufalino at that time was Barbara's *sottocapo*, or underboss, and it was Bufalino who was reputed to have made the arrangements for the Apalachin meeting. Asked questions about it later under oath, he invoked his Fifth Amendment privilege against self-incrimination. According to a report prepared by New York state investigators, Bufalino arrived at the meeting in a car owned by William Medico of Medico Industries.

It was the Apalachin meeting, broken up by New York State police, that first focused national attention on Bufalino.

The Miami Beach meeting last February may well have been the last.

On Aug. 10, after legal attempts to overturn his extortion conviction failed and his $50,000 bail was revoked, he surrendered to U. S. marshals and went to prison, first in New York, then in Connecticut, and now in Florida. His sentence was four years in prison, followed by five years' probation. He was fined $20,000.

09693-158

So Bufalino, now known as Prisoner 09693-158, has been behind bars since August, with the exception of a two-day furlough in early September. The furlough was granted so that he could spend his 50th wedding anniversary with his wife, Caroline.

He was going to throw a big party at a downtown Wilkes-Barre restaurant, but at the last moment he decided not to, fearing that reporters would harrass him. Once again, Bufalino was big news: Two new books on the Teamsters union had just been published, and their most sensational allegation was that it was Bufalino who had ordered the murder of Teamster boss James Riddle Hoffa, who vanished in 1975.

The controversial claim, yet to be fully documented or proven, has gained currency because of Bufalino's friendship with the chief suspect in Hoffa's disappearance, Anthony (Tony Pro) Provenzano, a North Jersey Teamster official now imprisoned on another murder conviction. Provenzano kept a winter home in Hallandale, Fla., not far from Bufalino's villa.

An added factor was that Bufalino's cousin, William Bufalino, is both a Detroit Teamster official and an attorney who has represented a number of suspects in the Hoffa disappearance. William Bufalino was a spectator at cousin Russell's extortion trial.

Bufalino is known to dislike unfavorable publicity. It has, he once said, made "a lot of small-minded people think I've got the plague. They just walk away." He likes to think of himself, as a federal sentencing report put it, as an "old, compassionate, generous person who lives modestly."

●

During his 50-year crime career, Bufalino, although prosecuted numerous times, had been convicted of nothing more serious than a traffic violation and a couple of minor gambling infractions until two years ago.

But things fell apart for Bufalino in one short minute, on April 12, 1976. The scene was the Vesuvio Restaurant in the Broadway theater district in Manhattan.

Bufalino often traveled to New York, and he could usually be found at the Vesuvio, where he would eat and confer with "business associates" at darkened back tables.

On this particular day, disguised FBI agents unobtrusively snapped pictures from across the street as a small-time crook named Giacamo (Jack) Napoli, a miniature Nagra-brand tape recorder taped to his chest, walked into the restaurant. Napoli was an FBI informer.

A little persuasion

In February, Napoli, using the alias of Jack Caringi, had audaciously persuaded a Manhattan jeweler named Herbie Jacobs to sell him $25,000 worth of diamonds, invoking the name of his "good friend" Russell Bufalino. He had little difficulty persuading Jacobs to take his checks since, federal authorities say, Bufalino had often supplied Jacobs with stolen and smuggled diamonds to fence and probably had a hidden financial interest in the business.

This was a very foolish thing for Napoli to do, however, since he did not actually know Bufalino and since the checks he wrote were drawn on the bank account of a defunct company.

When the checks bounced, Herbie Jacobs decided to call up Bufalino and ask him about his "friend." Bufalino, naturally, was very unhappy that his name had been so invoked. In fact, Jacobs would later tell Napoli, "If he had you here, he would throw you out the window."

Napoli was not very difficult to track down, and soon he began getting not very subtle suggestions from friends of Bufalino that he had better return the diamonds and repay the money, or else he might die. One Bufalino henchman, Michael Sparber, told Napoli's wife that her three children would be killed first, then she would be killed, and finally her husband.

Napoli decided to tell his story to the FBI.

Face to face

And on April 12, Bufalino and Napoli were to meet face to face inside the Vesuvio.

"You (obscenity)," snarled Bufalino, spotting Napoli soon after he entered the restaurant. "One of these days, you know, you're goin' to allow me to do things I never did in my —— life."

"You're mad at me, right?" asked Napoli, still quite brash.

"Because you're a ——," roared Bufalino, gesticulating. "And if you gonna do, don't do the right thing, I'm going to KILL you, you —— and I'm going to do it myself and I'm going to go to jail just for you. You big ——, you have no —— reason to . . . you have no reason to do this, what you did."

To emphasize the point, Bufalino angrily kicked Napoli in the groin. Napoli staggered out of the restaurant.

Later that day, the tape was turned over to the FBI. Bufalino was indicted under a federal extortion statute, charged with using "extortionate means, involving the use of express and implicit threats of the use of violence (against) Jack Napoli, in order to collect and attempt to collect from Napoli extensions of credit made by Herbert Jacobs."

'I am innocent'

Bufalino was finished, but unrepentant.

At his sentencing, he told U.S. District Judge Morris E. Lasker, "I am innocent," but the judge retorted: "I am sorry, I have to disagree . . . The evidence was pretty heavy with taped conversations and so on and I do not think . . ."

It was too much for Bufalino, and, his eyes angry, he interrupted: "When you have a deal with an animal like that, Judge, you would have done the same thing."

Even the judge had to agree with Bufalino that Napoli was, indeed, a "bum."

Napoli and his family have now been given new identities to protect them from Bufalino's wrath.

Russell Bufalino, a man who rose up from poverty, has always considered himself "hard-working" and "industrious," even religious. In Kingston, he was a member of the Holy Name Society and also a member of a religious group called the Central Association of the Miraculous Medal.

The Immigration and Naturalization Service, which began examining Bufalino's background after receiving a letter from FBI Director J. Edgar Hoover suggesting an inquiry following the Apalachin meeting, unearthed a stack of documents establishing that he was born Rosario Alfredo Bufalino on Sept. 21, 1903, in Montedoro, Sicily.

The documents, used in his deportation hearings, show that at the age of 2 months, he arrived in the United States from Naples aboard the SS Citta di Milano. With him were his mother, Maria Cristina Buccoleri, his two sisters, Giusseppa, 6, and Cristina, 2, and his brother, Calogero, 5, who later changed his name to Charles and became an official of a musician's union in New York City.

Bufalino's father, Angelo, was already in America working as an anthracite coal miner in Pittston, in northeast Pennsylvania, with other immigrants from his home village of Montedoro — the LaTorres, the Volpes and the Sciandras.

These close-knit "men of Montedoro," as they were called, became the "earliest Pennsylvania Mafia leaders . . . whose sons today continue to fill leadership positions," according to an organized-crime report issued in 1970 by the Pennsylvania Crime Commission.

Bufalino, for his part, once admitted, "I never knew when I was born." But even in the face of evidence put together by the Immigration and Naturalization Service, he has, over the years, stoutly maintained that he knew where — in Pittston, Pa., not Italy.

An examination by immigration officials of Luzerne County birth records in the late 1950s found an entry that seemed to support his claim, but it was then discovered that a court clerk, whose name also happened to be Bufalino, had tampered with the records for 1903. A Common Pleas Court judge then ordered the entry stricken.

Bufalino's parents died when he was young, and he was raised by relatives in Italy between 1910 and 1914 and then by relatives in Pittston and later in Buffalo, N. Y. His teachers considered him a bright, well-behaved youngster.

Good grades

His Pittston grade-school report cards for 1915 and 1916 show that he received all As and Bs, despite some difficulty with English. His grade for deportment was a steady A. He was, however, a good deal older than his classmates. In 1916, at age 13, he was only in the fifth grade.

It was in Buffalo, where he enrolled in the Elm Vocational School in 1917, that he decided on a career as an auto mechanic. His best grades — 94s — were in "auto science" and "garage practice." That was the end of his formal education.

In 1952, he jokingly told a inquisitive employe of Dun and Bradstreet, the credit reporting firm, that he had earned an electrical engineering degree from Harvard. The naive employe put the information in his report. (The spurious biography is now part of his Immigration file.)

In 1918, at the age of 15, Bufalino went to work as a mechanic in a Buffalo garage. He became, he proudly said, a specialist in "internal combustion engines."

He was arrested eight times in the 1920s, mainly for crimes involving stolen autos — such things as altering serial numbers and receiving stolen property. Each time he was acquitted.

Between 1931 and 1937, his only legal troubles arose from a penchant for running stop signs. He had seven moving violations.

It was in Buffalo that Bufalino met his wife, Caroline Sciandra, whom he married in 1928.

The coal mines

It was also in Buffalo that he first came into contact with Santo Volpe, who had acquired an interest in a Buffalo brewing company and was rapidly consolidating his position as the boss of organized crime in the northeast Pennsylvania coal country. Volpe was particularly close to the Medico family and was the godfather of Philip T. Medico, who runs the company today.

Volpe, said the Pennsylvania Crime Commission in its 1970 report, had begun as an impoverished coal miner but through skillful manipulation was able to obtain an interest in a number of coal mines. During the 1930s, he was a member of the State Coal Commission, which controlled the tonnage that each company was permitted to mine.

"These coal interests served as a strong economic base from which the Volpe Cosa Nostra family enriched itself," the crime commission report said. "The family gradually took over both coal companies and locals of the United Mine Workers Union and benefited from the 'sweetheart' contracts that could thus be obtained."

In 1939, Bufalino moved back to Pittston and went to work for the Volpe Coal Co.

His rise in the ranks of organized crime had begun.

Promotions

Within the year, Volpe died and was succeeded as boss by John Sciandra, a partner in Knox Coal who also reputedly controlled locals of the United Mine Workers union. Sciandra's son, Angelo Joseph, would become a close friend of Bufalino, a reputed business associate in the ABS Construction Co. (B for Bufalino, S for Sciandra) and a fellow participant in the Apalachin mob meeting.

But by the end of World War II, the undisputed boss of the crime family was Joseph Barbara, known as "Joe Barber," a man with a grim reputation for violence and ruthlessness. He had begun as a bootlegger, and was often a suspect in murder cases.

By the time he became boss, Barbara had given up bootlegging and had been running an outwardly legitimate business, the Mission Beverage Co., a beer and soft drink distributorship in Endicott, N. Y., near Apalachin.

The New York State Liquor Authority later said that Barbara originally had been financed with a $65,000 loan from fellow bootleggers Angelo Polizzi and Santo Volpe and coal barons Louis Pagnotti and Charles Bufalino, Russell's uncle. ("Uncle Charlie," Russell Bufalino once said, was "a very, very, very good uncle to me. If I ever needed any money I could depend on him . . . anytime I needed anything I could get it.")

Efficiency expert'

While working for Volpe Coal, and then with Knox at Pittston Colliery Number Six, Bufalino gained a reputation as a rugged enforcer. He liked to say that he was an "efficiency expert."

In 1944, Barbara brought Bufalino to Endicott as his *sottocapo* and nominal chief of maintenance at Mission Beverage, although his real job apparently was to bring in new business, by whatever means necessary.

The postwar period was one of great turmoil and sudden change in the coal country. Cheap oil, flowing in from the Mideast, depressed the coal business, putting thousands of miners out of work.

At the same time, New York City garment manufacturers, beset by high union wages, began moving their operations into northeastern Pennsylvania, hiring the wives of unemployed coal miners at low, non-union wages.

The mob, like any other business interested in profits, adjusted. For one thing, it further consolidated its interests in the anthracite coal business, taking over failing properties. Bufalino himself set up a company to ship and sell anthracite. He named it the Famous Coal Co. and made himself president.

Famous was bankrolled by coal baron and banker Louis Pagnotti Sr., a friend of Barbara. The coal came from Pagnotti's mines.

"He loaned me the coal and then I had to lend him the money back," Bufalino once said. Asked if he had to invest any of his own capital, he replied, "My credit with Pagnotti Coal . . . I didn't have any (capital) to advance."

Famous, which was liquidated in 1955, shipped its coal to a terminal it owned in New York City, using trucks owned by the Pagnotti company, according to Bufalino. The coal was sold to New York City businesses for heating.

Louis Pagnotti Sr. is dead now, and today his children run Pagnotti Enterprises, which is still one of the biggest miners of anthracite in the Northeast. Its main subsidiary, the Jeddo-Highland Coal Co., has been the major coal supplier to the Pentagon for the past decade, under contracts arranged by Rep. Daniel J. Flood.

Bufalino began to travel to New York frequently to watch over his coal business. And it was there that he met Max Stein, the owner of several dress companies that were in the process of moving their manufacturing mills to the coal country of northeast Pennsylvania (the major company was called Fairfrox). Stein officially hired Bufalino as "an expediter."

An 'overseer'

Stein said that meant that Bufalino was a "mechanic, an overseer, obtains work for us, additional work for us when we need it (and) takes care of the plant in Pennsylvania when it requires his services."

And Bufalino did not employ his talents on behalf of Fairfrox alone. He was also an "efficiency man" for a number of other textile companies, including some owned by Binghamton mobster Anthony (Gov) Fuarnieri.

Bufalino finally went into the garment business for himself. According to the Pennsylvania Crime Commission, he has owned such companies as Penn Drape and Curtain, Bonnie Stewart Dress Co. and Claudia Frocks.

Besides his "efficiency work" for garment companies in the 1950s, Bufalino was also employed by his friends, the Medicos. Philip Medico, who still runs the company, once described the relationship this way: "He used to repair our equipment. I used to work with him, and in our plant he has helped me considerably, engineering wise, engineering problems."

Bufalino, Medico said, was "a man of high caliber, high morals and just being kind, considerate to people that I have known through all my life."

All this, and he still worked for Barbara, too.

His position

An incredulous Immigration hearing officer sarcastically wrote years later: "From (Bufalino's) testimony, it would appear that the entire of the Barbara enterprises, the entire of the Medico Electric Co., the entire of the numerous garment enterprises would cease to function unless he went over with his 'stethescope' and sensitively determined whether the machines were operating efficiently."

Bufalino by this time was, of course, far more that a lowly mechanic. As Barbara's *sottocapo*, he dressed expensively in conservative pin-striped suits, drove big black Chryslers (one was nominally owned by the Medicos for insurance purposes), traveled — to places like Bimini and Cuba — and nightclubbed in New York, where he stayed in a suite at the Hotel Forrest. He was a heavy drinker and sometimes got into brawls.

One time, a man, angered when Bufalino told some vulgar jokes in the presence of women, flattened the tipsy mobster with a single punch and sat on his chest. Bufalino was apparenty so surprised by the incident that he took no retaliatory action.

One of his friends was Frankie Carbo, the boxing promoter who was later convicted of trying to muscle in on the earnings of welterweight champion Don Jordan in 1958. He boasted that he knew "Sidney Poitier. I exchanged conversation with him at the Del Somma Restaurant in New York, yes. Very nice boy . . ."

Trips to Cuba

Between 1951 and 1957, he took at least three trips to Cuba, staying either at the Hotel Nacional, owned by mobster Meyer Lansky, or at the Sans Souci, which was owned at various times by the Pittsburgh-based Mannarino mob family and the Trafficante family, now based in Tampa.

Federal agents, watching his movements, suspected that he was heavily involved in diamond smuggling, and probably drug trafficking. Even then, the federal Bureau of Narcotics termed him "one of the most ruthless and powerful leaders of the Mafia in the United States."

When Albert Anastasia, the *capo di tutti capi*, or "boss of bosses" of organized crime, was murdered gangland-style in 1957, Bufalino, coincidentally in New York, was extensively questioned by New York police. He later appeared before a grand jury investigating the murder and reportedly invoked the Fifth Amendment.

So it was no surprise to law-enforcement agencies that Bufalino emerged as the chief arranger of the Apalachin meeting in November of that year.

The conference

It was almost a family get-together. Bufalino's New York City mob friends were there, among them John Ormento, a big-time drug dealer, as was Gabriel (Kelly) Mannarino, of the Pittsburgh Mannarino family. From Pittston came Bufalino business associate Angelo Joseph Sciandra. Medico Industries Inc. sent their transportation manager, James Osticco. (Philip Medico later said he thought Osticco had been sent "up there to repair a pump.")

The Apalachin meeting, and the accompanying glare of publicity, made Bufalino a nationally-known figure.

He repeatedly invoked his Fifth Amendment privilege against self-incrimination when called to testify before the New York State "Reuter Commission," and, as a result, was convicted in state court of conspiracy to obstruct justice, a conviction that was subsequently overturned on appeal.

He again took the Fifth repeatedly before a series of New York State and federal congressional committees investigating organized crime, starting in the late 1950s.

In control

Outwardly, he acted as if nothing had changed. When Barbara died in 1959, he assumed full control of the crime family businesses. He rode about in a limousine, driven by a liveried chauffeur, and became extremely friendly with a pretty blonde, Jane Collins, a Lake Ariel, Pa., coal heiress who traveled with him, invested in his businesses and gave him the key to her rambling country house, where he sometimes spent the night.

Bufalino, ever playing the role of the humble handyman, said he only visited her estate to do plumbing work.

But, in fact, things had changed. The Immigration and Naturalization Service had cranked up a full-scale investigation. The FBI was watching him.

"I am being prosecuted and persecuted," he said once in exasperation. "I am living in a showcase. Every one of my movements has been tailed . . . I am asked about my private life, which the rights of an individual i[illegible] encroached on."

He was ordered deported for the first time in 1958, and the Immigration and Naturalization Service actually booked him passage from New York to Italy on the Queen Fredericka, sailing on Sept. 12. But his lawyers snarled up the order in appeals, and in 1964 a hearing on his status was held.

'No credence'

The hearing officer found Bufalino's testimony "so replete with distortion, half-truths, incomplete answers, misleading responses, evasion, concealment, hedging, suppression, equivocation, and endless quibbling that I can give it no credence whatsoever."

As an example, the hearing officer cited Bufalino's responses to questions about his work for a garment company called Anna Lee Frocks: "He didn't know whether he worked on machines, he didn't know the extent of what plans he may have laid out, he didn't know if he performed manual labor or he doesn't remember, and again we see that whenever he's boxed in for specifics, he suffers forensic amnesia, or what may otherwise be dubbed 'the Freudian Fifth.' "

A few months later, Bufalino was once again ordered deported as an illegal alien. This time the Immigration and Naturalization Service bought him a plane ticket. His lawyers appealed. The Elks revoked his membership because he was not a true American.

The FBI also was focusing on his activities. In 1969, he became a major target of the first Justice Department strike force created to attack organized crime. A grand jury in Buffalo indicted him a year later on charges of trafficking in 60 stolen color television sets. The key witness claimed to have heard snatches of a conversation in which Bufalino and a co-defendant discussed arranging to fence the sets. He was acquitted a year later.

In 1971, the Internal Revenue Service put a $21,000 lien on Bufalino's Kingston house for non-payment of back taxes. And in April 1973, he was once more indicted by a federal grand jury, charged with ordering the beating of rival vending-machine operators in Binghamton and Syracuse and the destruction of their equipment. Again, he was acquitted.

It was that year, too, that he lost his immigration case after an almost 10-year battle that ultimately went to the U.S. Supreme Court. He was finally, officially, an illegal alien. The Immigration Department booked him on a Pan American flight to Rome.

Protests from friends

Relatives and friends bombarded the White House, the Immigration and Naturalization Service and the office of Senate Minority Leader Hugh Scott (R., Pa.) with letters and telegrams, most of them bearing identical messages.

A Pittston woman, Donna Osticco, wrote Scott that Bufalino's forced deportation was "unjustified and cruel." Russell Bufalino, her letter continued, "did not burn draft headquarters or go around as an anti-war pacifist. He did not cause violent damage to this country as was done by many. (He) has helped many charitable organizations and many people get into business ... (He) is one of the greatest men we could have in our country."

The letters changed nothing. On the appointed day, Bufalino, wearing a conservative pin-striped suit, a silk shirt and a tie, rolled into Philadelphia in a big, wine-colored Lincoln Continental to surrender to Immigration officials.

With him were angry, weeping relatives, there to say a last good-by. His wife had been too ill to make the trip.

But at the last minute, the Italian government refused to issue Bufalino a travel document.

"I suppose the Italian government does not feel like welcoming other countries' criminals," said the Italian consul, Dr. Filippo Anfuso.

Bufalino's family was ecstatic, and the most joyful of all of them was Larry Bufalino, a nephew. Upon hearing the news, he leaped in the air, yelping, and hugged his uncle, shouting, "Thank God, thank God."

Three years later, it was the same Larry Bufalino who told his friend Giacamo (Jack) Napoli that if he wanted diamonds in Manhattan, the man to see was Herbie Jacobs.

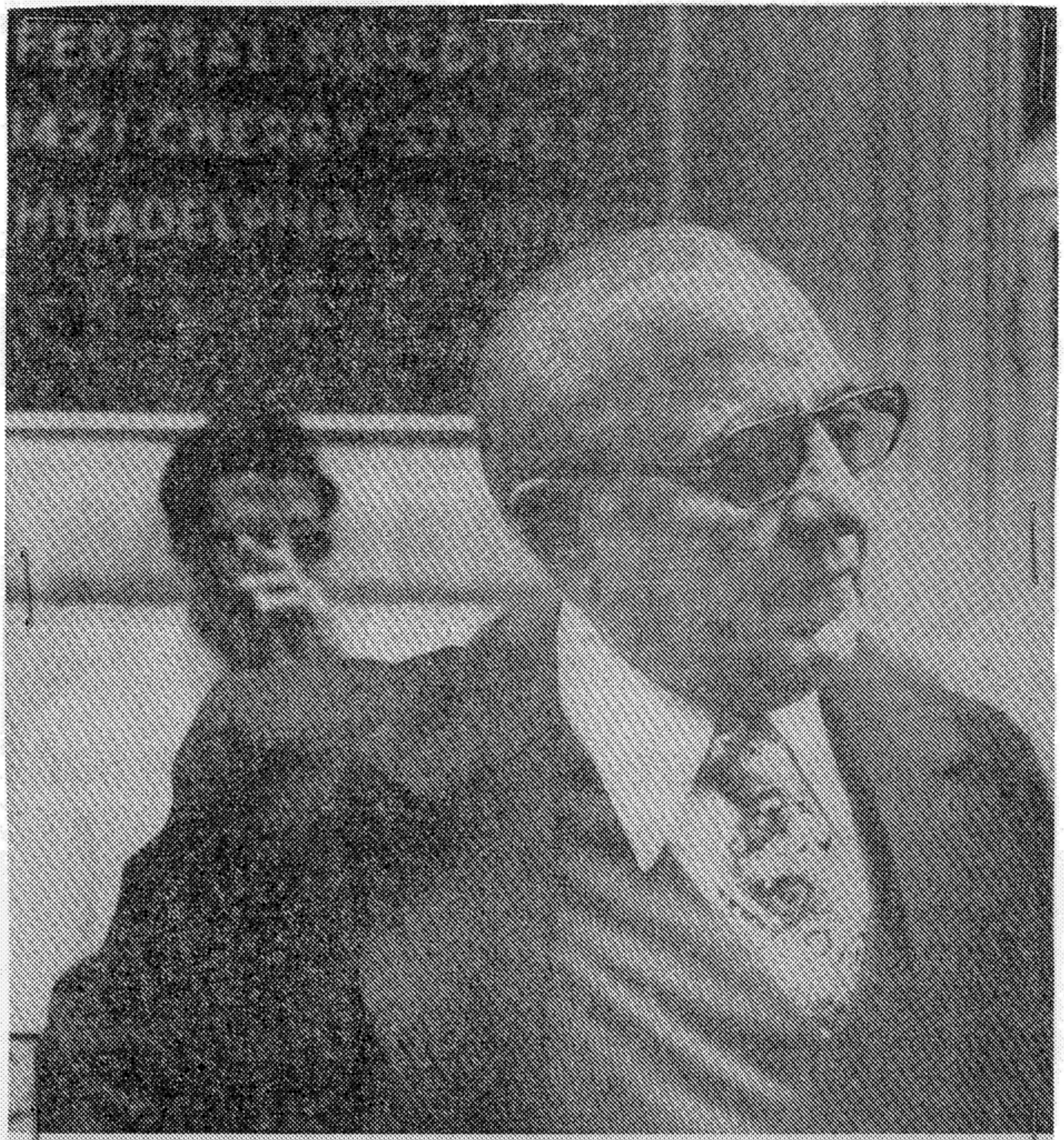
And so, after 50 years in crime, Russell Bufalino went to jail.

At his sentencing, Barbara S. Jones, the assistant U.S. attorney who prosecuted him, told the judge that Bufalino had engaged in "criminal activities throughout his life.

"Those activities have included loansharking, illegal gambling, transportation of stolen property and labor racketeering.

"The people of the United States," she said, "have a right to protection from Russell Bufalino."

The judge agreed.



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Philadelphia Inquirer / MICHAEL VIOLA

Bufalino in 1973, outside the federal building in Philadelphia

Associated Press

Bufalino and his wife, Caroline, in 1974

Russell Bufalino

"I am being prosecuted and persecuted. I am living in a showcase. Every one of my movements has been tailed ... I am asked about my private life, which the rights of an individual is being encroached on."

FD-350 (Rev. 10-19-77)

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Byrne on Resorts: Keep issue in perspective

By Peter Mattiace
Associated Press

ATLANTIC CITY, N. J. — New Jersey Gov. Brendan T. Byrne said yesterday that the state's case against Resorts International had created "some uncertainty" in the gambling industry, but he asked the State Casino Control Commission to decide the licensing issue without regard to possible short-term economic effects here.

Byrne spoke on the eve of commission hearings here on whether to grant Resorts International's casino a permanent operating license. The East's only legal gambling casino has been operating with a temporary permit since it opened May 26. Extended once, that permit expires Feb. 26.

State Attorney General John Degnan opposes a permanent license for Resorts, and the State Division of Gaming Enforcement has filed 17 "objections" to the license, charging Resorts with past ties to organized crime and mismanagement of its casinos here and in the Bahamas. Resorts flatly denies those charges.

"I think there may be some uncertainty as a result of what the attorney general's position is, but I don't thing it's affected the interest in Atlantic Ciy," Byrne said.

Byrne said last month that Atlantic City's development was not connected inexorably to Resorts, an opinion not shared by city officials who have repeatedly said the casino should receive the license.

Byrne has refused to say Resorts should not get the license, and he also has refused to criticize Degnan for his strong stand against the company.

Under the state's casino law, Resorts must "establish by clear and convincing evidence" that it is worthy for a permanent license. Four of the five casino commissioners must approve.

If the permanent license is rejected, a commission-appointed "conservator" would operate the casino-hotel during court appeals, and eventually sell it to a qualified applicant. Resorts would receive the profits.

Resorts has grossed more than $135 million since it opened — a rate about three times better than the biggest casinos in Las Vegas.

Because the casino law puts the burden of proof on the applicant, Resorts will defend itself against the state charges before the state presents its case.

Those charges are part of a 115-page report issued Dec. 4 after a year-long state investigation.

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Resorts not very concerned about integrity — state

ATLANTIC CITY, N.J. (UPI) — The state opened hearings on its move to deny a permanent casino license to Resorts International yesterday by claiming the company has only a casual interest in integrity.

The five-member Casino Control Commission heard the state's lawyer describe New Jersey's first gambling casino operator as a firm that kept unsavory employees on its payroll until it was forced to get rid of them by bad publicity.

The commission is expected to hear testimony from top Resorts International officials and others before ruling on Attorney General John Degnan's recommendation to deny the company a permanent casino license.

The attorney general's report charged the company with casino mismanagement, association with criminal figures and bribery activities in connection with the casino business in the Bahamas in the 1960s.

Deputy Attorney General G. Michael Brown told the commission: "Resorts has a superficial interest in intregity."

He said "integrity and a good reputation" must be the basis for issuing a casino permit.

Brown said Resorts has a history of responding to internal problems only when forced to do so by adverse publicity. He cited the recent suspension of Resorts executive Seymour Alter 16 years after his alleged participation in a 1962 bribery conspiracy.

The state has charged that Resorts executives were associated with underworld figures like Meyer Lansky and other men who later were disciplined by the Securities and Exchange Commission.

Brown said, "You do not have to do business with people like that (criminal types), but Resorts chose to do so."

Brown also warned the commission not to be swayed by evidence of Resorts' tremendous success in Atlantic City. Since it opened under a temporary license in May, Resorts has reported a net win in excess of $135 million.

Brown's adversary in the hearing room is Raymond J. Brown, one of New Jersey's top criminal lawyers who was hired to represent Resorts International.

Brown took the Resorts case a few weeks after winning an acquittal of Dr. Mario Jascalevich in the so-called "Doctor X" curare murder case. Although the two attorneys have the same last name, they are not related.

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James Crosby: didn't know

Resorts Head Takes Stand

ATLANTIC CITY (UPI) — James M. Crosby, board chairman of Resorts International, Inc., yesterday denied he conducted business with a Bahamian executive knowing the man had been criminally convicted.

Crosby testified during the second day of a hearing to determine whether Resorts should be granted a permanent license to operate its Boardwalk casino when its temporary permit expires Feb. 26.

The state has charged Resorts is not worthy of a permanent license, in part because it claims Resorts executives have conducted business with "individuals of unsuitable character and nature," including Wallace Groves, convicted of mail fraud in the 1940s.

CROSBY TESTIFIED before the Casino Control Commission that he knew nothing of Groves' past when Resorts' corporate predecessor, the Mary Carter Paint Co., bought real estate near Freeport from the Grand Bahamas Port Authority in 1963. Crosby was president of Mary Carter, while Groves was a principal in the Port Authority, a private corporation.

In 1963, Crosby said, Mary Carter had a large cash flow, no debt, up to $4 million in cash and was looking to diversify. He said he had no inclination at that time to enter the casino gambling industry.

Groves is named in one of the 17 "exceptions" listed by the attorney general as reasons to deny Resorts its permanent license. Other charges include association with reputed organized crime figures and shoddy accounting procedures.

SINCE MAY 26, 1978 when Resorts opened the East Coast's first legal gambling hall, the firm has made more than $134 million.

Resorts chief counsel Raymond Brown attempted to show that Mary Carter was a successful company run by honest men.

Brown called on Crosby to trace his entire past from the time he first entered the paint business to the early 1950s.

Earlier yesterday, Richard Olsen, an intermediary between Mary Carter and Grand Bahamas Port Authority, said Crosby had no interest in casino development in 1963.

Olsen said in 1967 he also acted as intermediary between Mary Carter and the Bahamas Development Ltd., when the firm bought land on Paradise Island. That property was later developed into a casino resort.

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Resorts' Bahamas story told

Firm considered food franchises

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International had considered investing in hamburger and fried-chicken franchises in the mid-1960s before purchasing the Bahamian real estate around which its casino empire was built, company chairman James Crosby told the New Jersey Casino Control Commission yesterday.

Crosby was the third witness to take the stand here during the second day of the commission's hearing into Resorts' application for a permanent casino operating license. The decision as to whether a permanent license will be issued appears to hinge on Resorts' history in the Bahamas, where it now operates two profitable casinos.

Crosby traced the origins of his company, which began as the Mary Carter Paint Co., and emphasized that it originally had no intention of going into the casino business when it made its first Bahamian real estate puchase in 1963.

Crosby said he was merely looking for a place to invest an estimated $3 million to $4 million in accumulated cash from the paint company when he entered into a deal with Bahamas Developers Ltd. (BDL) to jointly develop a residential and recreational area BDL had owned on Queens Cove near Freeport in the Bahamas.

Resorts later purchased land on Paradise Island, where it opened its first casino, and more recently it has taken over the operation of a casino on Freeport. Crosby is expected to detail the circumstances of those developments during later testimony.

The company's history in the Bahamas is important because of a 115-page report by the New Jersey Division of Gaming Enforcement that recommended that the Casino Control Commission not grant Resorts a permanent license.

Among other things, the report alleges, that while developing and operating its casinos in the Bahamas, Resorts associated with organized-crime figures, sought financing from questionable sources and engaged in suspect business practices, including bribes and payoffs to Bahamian government officials. Company officials have denied any wrongdoing in the past or in its current operations.

Testimony from Crosby and Miami attorney Richard Olsen, who served as a broker for Resorts in its Bahamas real estate deals, touched on several issues raised in the state report.

Crosby acknowledged that he had contacted Wallace Groves while completing the Queens Cove purchase. Groves was a partner in a company that held a long-term $990,000 mortgage on the property. Resorts paid off that mortgage with a $485,000 cash payment to Groves' company.

Groves is one of several persons referred to as being of "questionable character" in the state's report on Resorts' Bahamian associations. He was convicted of mail fraud in the 1940s and was a business partner of Louis Chesler, a suspected associate of organized-crime chieftains.

Crosby said he knew nothing about Groves' background when he met him in 1963.

Crosby is expected to return to the witness stand when the hearings reconvene here tomorrow morning.

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Resorts outlines financial interests in hearing on permanent licensing

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International began its appeal for a permanent casino operating license yesterday by giving a thorough presentation of its financial commitment to this South Jersey resort.

In detailed and sometimes tedious testimony before the New Jersey Casino Control Commission, the first of what is expected to be a long line of Resorts' officials and consultants outlined the company's entry into the casino gambling industry here.

The major issues on which Resorts' application for a license hinge — state allegations of suspected organized-crime connections and questionable business practices — will be discussed later in the hearing. And in what appears to be a carefully planned strategy, Resorts' rebuttal of those assertions is likely to emerge in bits and pieces during several days of testimony from company officials.

The opening of the hearing attracted more than 100 spectators, including a wide assortment of journalists from Washington, New York and Philadelphia, to the commission's public meeting room here. Representatives of several other major casino operators who hope to open their own casinos were also in attendance.

The hearing, expected to take several weeks, is to resume at 9:30 this morning with Resorts chairman James Crosby scheduled to be the key witness.

The Miami-based firm has been operating New Jersey's only casino — with a daily win of more than $600,000 a day — on a temporary operating permit, which will expire Feb. 26.

The New Jersey Division of Gaming Enforcement has recommended that Resorts not be granted a permanent license because of questionable business practices and past associations, including alleged links with organized crime figures.

In a scathing 115-page report issued Dec. 4 the division listed 17 "exceptions" to Resorts' application for a permanent license. The main points in the report were mentioned briefly by attorneys for both Resorts and the division in opening statements before the five-member commission yesterday, but most of the testimony dealt with the physical layout and financial investment of the casino here.

Raymond Brown, the Essex County attorney representing Resorts, indicated that he would deal with the division's exceptions throughout his presentation. He characterized them as "comments rather than charges," however, and implied that the allegations of organized-crime connections were based only on rumor.

Brown also raised a constitutional question about the broad application of one provision of the New Jersey Casino Control Act with regard to business and personal associations of potential casino operators, a provision that many consider to be a pen

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alty for guilt by association.

G. Michael Brown, a prosecutor with the New Jersey attorney general's office who is representing the division, outlined some of the most damaging points in the division's report on Resorts.

Brown cited the allegations that Resorts had employed known associates of organized-crime figures when it entered the casino industry in the Bahamas in the mid-1960s, that the company routinely made payoffs to Bahamian officials and that it had had business dealings with Bahamians of questionable character.

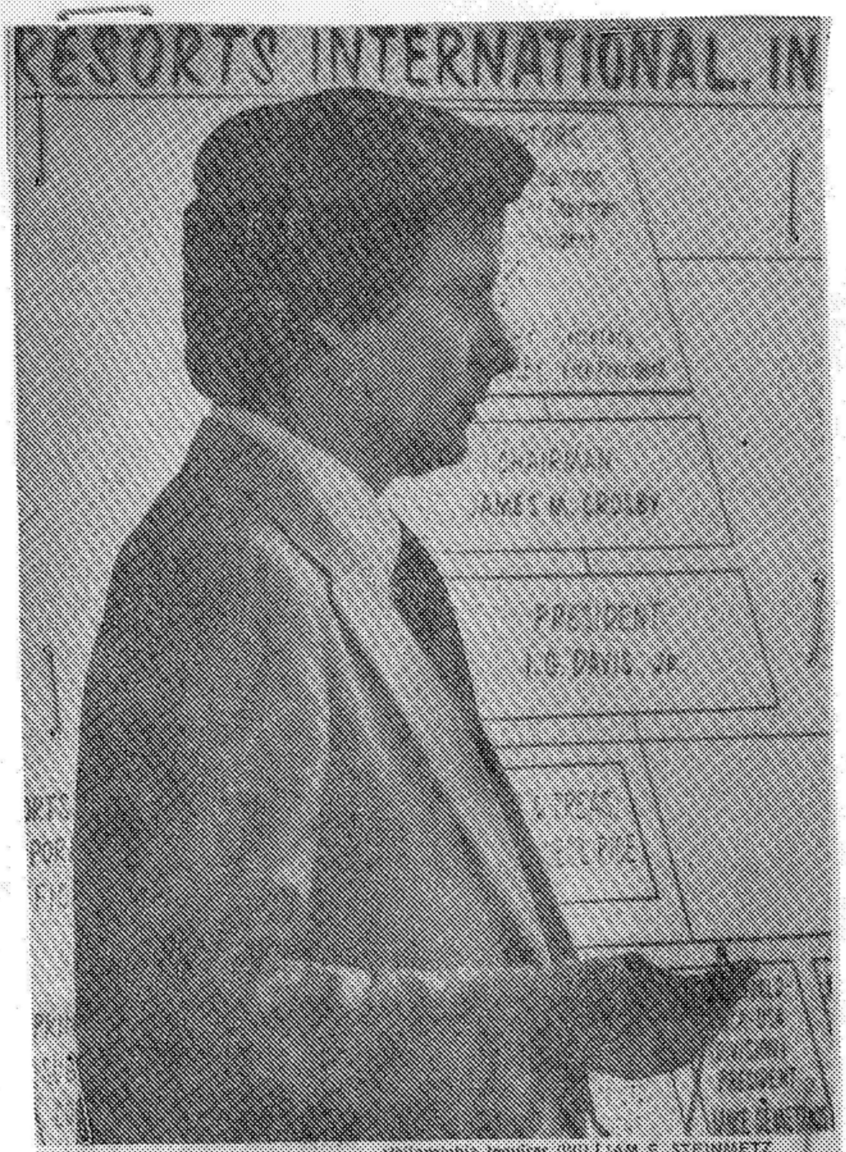
He said the company displayed a "superficial interest in integrity and reputation" both in the Bahamas and in the casino industry in New Jersey and particularly noted Resort's employment until last month of Seymour Alter.

Alter, who was suspended by Resorts three weeks ago, was in charge of real estate sales and acquisitions for the company. He has admitted attempting to bribe a New York State judge in 1962 and has acknowledged that he provided "paid female companions" for Bahamian officials on a junket to Las Vegas fianced by Resorts.

Brown urged the commission "not to let your vision be blurred by the financial success" of Resorts in Atlantic City but to judge the applicant on the basis of honesty, integrity and character that are called for under New Jersey's casino licensing regulations.

Philadelphia Inquirer /WILLIAM F. STEINMETZ

Resorts' Raymond Brown (left) and prosecutor G. Michael Brown


RESORTS INTERNATIONAL, IN
CHAIRMAN
JAMES M. CROSBY
PRESIDENT
I.G. DAVIS, JR.

Philadelphia Inquirer /WILLIAM F. STEINMETZ

H. Steven Morton, a Resorts vice president, gives testimony

Joseph P. Lordi
. . . commission chairman

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Resorts' crime fears related

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International chairman James M. Crosby admitted yesterday that in 1967 he feared that organized crime figures might infiltrate his business.

At the time he was seeking an operator for the company's Paradise Island casino in the Bahamas, and his interpretation of how the company came to select an operator differs somewhat from that of New Jersey investigators, who have linked the operators with reputed organized-crime financier Meyer Lansky.

Resorts' dealings with Paradise Enterprise Ltd. and Bahama Amusement Ltd. form part of the New Jersey Division of Gaming Enforcement's contention that Resorts associated with persons of questionable reputation and possible organized-crime connections in its Bahamian casinos.

Crosby's day-long testimony yesterday was the third day of the Casino Control Commission hearing into Resorts application for a permanent casino operating license here.

The Division of Gaming Enforcement has recommended against a license, citing suspected organized-crime links, questionable business dealings and allegations of bribes and payoffs to Bahamian officials.

Resorts has been operating New Jersey's only casino since May with a temporary license that, with a three-month extension, expires Feb. 26.

Crosby's testimony gave details, from the initial interest by Resorts (then known as Mary Carter Paint Co.) in purchasing Paradise Island from A&P heir Huntington Hartford in 1964 to its interest in gambling in Atlantic City in 1976.

He included a financial account of investors in the $50 million Para-

James M. Crosby
. . . *full day of testimony*

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dise Island project and traced the growth in the company's net worth from $7 million in 1962 to an estimated $102 million by 1978.

But his most important statement, as far as the gaming license application is concerned, was his explanation of why Resorts dealt with Paradise Enterprise and Bahama Amusement.

In his opening statement on Monday, division attorney G. Michael Brown argued that Resorts "chose to" deal with companies and individuals of questionable repute.

But under questioning from Resorts' chief counsel, Raymond Brown, Crosby explained that it was on the recommendation of Bahamian government officials that his company entered into business deals with the two companies, which had had experience in running casinos.

Both companies have been linked with Wallace Groves, who was convicted of mail fraud in 1941. In addition, Groves was a partner with Louis Chesler in the operation of Bahama Amusement Ltd., a firm that ran a casino on Freeport Island and another on Nassau that Resorts eventually took over. Chesler is a suspected associate of Lansky.

Crosby said Resorts had an agreement to share in the profits of the Nassau casino until it opened its casino on Paradise Island in 1967. At that point," he said, the Nassau casino was to be closed.

He said he was "shaken" by newspaper and magazine articles in early 1967 that "suggested impropriety and organized-crime alliances" in the operation of the Freeport and Nassau casinos.

At that point, he said, he personally entered into negotiations that led to Resorts' "buying out" the "Groves' interests" in the Nassau casino and the Paradise Island casino, which had not yet opened. Crosby said Resorts paid about $2 million to buy up the contract under which Paradise Enterprise Ltd., a firm headed by Groves' wife Georgette, would have run Resorts' Paradise Island casino and shared in its profit.

Crosby said he sought the advice of the U. S. Justice Department in finding a "suitable" casino operator but eventually decided to have Resorts run its own casino.

One of the division's charges against Resorts is that even after it severed business relations with the two companies, it continued to employ questionable personnel in its casino operations, including Edward Cellini, a reputed organized - crime figure and Lansky associate, as casino manager.

Crosby is expected to return to the witness stand today when the hearing resumes at 9:30 a.m.

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Link to crime alleged in Resorts hearing

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Another of the alleged links between Resorts International and suspected organized crime figures surfaced yesterday when Resorts chairman James M. Crosby acknowledged that the manager of the first Bahamian casino on which Resorts held an interest was Edward Cellini.

Cellini has been identified by state investigators as a close associate of reputed underworld financier Meyer Lansky.

Crosby, under questioning from Assistant Attorney General G. Michael Brown, said Cellini was one of two men brought in by Paradise Enterprise Ltd. to manage a casino in Nassau in 1966.

At the time Resorts was planning to build a hotel-casino on Paradise Island near Nassau and had a business arrangement under which Paradise Enterprise would operate the casino and split the profits with Resorts.

Crosby said that at the suggestion of the Bahamian government Resorts and Paradise Enterprise had purchased the smaller casino on Nassau and operated it until the Paradise Island facility opened in late 1967. It was Paradise Enterprise, he said, that had hired Cellini.

Crosby was on the witness stand for the third day in the New Jersey Casino Control Commission's hearing into Resorts' application for a permanent casino-operating license here.

The Miami-based firm has been operating New Jersey's only casino with a temporary license, which will expire Feb. 26.

The New Jersey Division of Gaming Enforcement has recommended that the commission not grant Resorts a permanent license. The division has cited suspected organized-crime links, questionable business practices and possible bribes and payoffs to government officials in the Bahamas as reasons for opposing the license.

Brown is expected to continue to explore Resorts' dealings with Cellini when the hearings resume here Tuesday.

Cellino was the general manager of the firm's Paradise Island casino in the late 1960s. After he was declared an "undesirable" by Bahamian officials in 1969 and ordered out of the country, he reportedly continued to work for Resorts in the United States, according to state investigators.

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James N. Crosby
. . . more testimony

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Crosby says man with shady ties ran casino

By D.W. NAUSS
Bulletin Shore Bureau

Atlantic City — Resorts International chairman James M. Crosby testified yesterday that a man linked to organized crime was made manager of the Bahamian Club casino in Nassau after the company purchased it in early 1966.

The man, Eddie Cellini, has been named by state casino investigators as an individual under the control of Meyer Lansky, reputed organized crime casino kingpin.

The testimony came at the end of the fourth day of hearings before the state Casino Control Commission on Resorts' application for a permanent gaming license here.

Lengthy testimony on Cellini and roles of other reputed undesirables in Resorts' Bahamian operations is expected next week when G. Michael Brown, assistant attorney general, continues his cross-examination of Crosby.

The state Division of Gaming Enforcement has recommended Resorts be denied a license in part because of its relationship with Cellini.

The division charges that Cellini was hired by Resorts even though it knew of his reputation and later lied to the Bahamian government that it had severed relations with him after he was deported from the islands.

Resorts had purchased the Bahamian Club just prior to opening its casino on Paradise Island.

Bahamas Amusement Ltd., which ran a casino in Freeport and employed Cellini, had an agreement to operate Resorts casinos.

Bahamas Amusements principals included Wallace Groves, a convicted felon, and Louis Chesler, a Miami broker with a reputation of criminal associations.

Crosby has spent 2½ days on the stand and has testified in detailed about Resorts financing, its Bahamian operations and incursion into Atlantic City.

Under questioning from Resorts attorney Raymond A. Brown, Crosby said Resorts was encouraged to invest in Atlantic City by David P. Probinsky, a public relations consultant.

On Thursday, Crosby revealed Probinsky had been paid $400,000 to terminate a contract providing a 10-year payout for help in renewal of its Bahamian casino license and granting of an Atlantic City license.

Resorts officials said yesterday that Probinsky stands to gain about $250,000 in cash and stock options now held in escrow if the Atlantic City license is gained. The contract contained a "silence" clause prohibiting him from saying derogatory things about Resorts.

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Relatively clean, Resorts says

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — I'm clean. My company's clean. We've been clean from the very beginning.

That's the gist of the argument that Resorts International chairman James M. Crosby has delivered to the New Jersey Casino Control Commission during the last two weeks in his effort to persuade them to grant his company a permanent casino operating license here.

But as this lengthy drama has painstakingly unfolded, it appears that the standard of cleanliness that Crosby has so often referred to is based more on relative criteria than on absolutes. In short, his main point seems to be a variation on the theme "It you think I'm bad, wait until you look at the other guys."

Crosby, 51, traced the origins of his company from the early 1960s, when it was known as the Mary Carter Paint Co. and had a net worth of $3 million or $4 million, to its presen status as Resorts Internationa, a casino-hotel operator here and in the Bahamas with a net worth of more than $100 million.

Showing the effects of emphysema as he frequently paused to catch his breath during his seven days of testimony, Crosby repeatedly answered questions about the New Jersey Division of Gaming Enforcement's allegations that Resorts might have ties to organized crime, had engaged in questionable business dealings and associations and had offered bribes and payroffs to Bahamian officials.

As expected, he denied every allegation.

But his most telling comment may have come late Thursday, when he was asked by Commissioner Kenneth MacDonald to explain why Resorts should be granted a license.

After expounding on Resorts' noble motives — he brought the company to Atlantic City in 1976, he said, because he was interested in helping rebuild the resort city — Crosby said he thought that his company would "compare favorably" with any other potential casino developer who will come before the commission.

With the words "compare favorably," Crosby touched on what is likely to be the crux of the decision on the Resorts application and the future of casino gambling here.

Only in recent years has the casino gambling industry attracted such blue-chip investors as banks and insurance companies. The casino industry worldwide is still rife with what New Jersey investigators have termed "questionable" financial associates and business associations.

Gambling is, after all, a game of chance, and for many years those willing to risk investment funds on a casino operation were not found on Wall Street. Any firm with experience in the casino industry is likely to have come in contact with some questionable characters of companies.

The question New Jersey gaming officials have to answer is: How clean does a company have to operate a casino here?

This problem must weigh on the minds of the five commissioners as they consider Resorts' fate. In order for Resorts to get its license, four of the five must vote in the company's favor.

Resorts opened New Jersey's only casino in May under a temporary license that expires Feb. 26.

The New Jersey Division of Gaming Enforcements case against Resorts unfolded during four days of cross-examination of Crosby by Assistant Attorney General G. Michael Brown.

Resorts officials have maintained that the divisions case is based on suspicion, innuendo and rum

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Based on the first two weeks of the commission nearing, that assessment seems at least partly accurate.

It is obvious from Crosby's testimony that Resorts did what it had to do to get a casino license in the Bahamas in 1966. That included hiring Sir Stafford Sands, the Bahamian minister of tourism and commerce, as its attorney; entering into a business deal with Wallace Groves, who once had been convicted of mail fraud, for operation of its casino; and making several hundred thousand dollars in political contributions.

None of those activities was illegal in the Bahamas and, according to Crosby, all were done with the knowledge and sometimes on the recommendation of government officials there.

Traces of similar actions were seen in Resorts' entry into New Jersey in 1976. The first two attorneys it employed here were Patrick McGahn and the late Marvin Parakie. Later Resorts hired Trenton attorney Joel Sterns.

Perskie's nephew Stephen and McGahn's brother Joseph were the Atlantic County state legislators who wrote New Jersey's casino laws.

Sterns is a close friend of Gov. Brandan T. Byrne and formerly was counsel for Byrne's re-election committee.

Was Resorts buying influence here as well? Or was it strictly a smart, realistic business move?

One of the problems in trying to assess reactions to the testimony before the New Jersey Casino Control Commission in its consideration of Resorts application is that this is the first such hearing under New Jersey's Casino Control Act.

The law is being tested here. The commission has a right to deny Resorts a license if the company's reputation for integrity, honesty and business management is shown to be suspect.

But that is a subjective judgment, and in New Jersey, at least, there is no precedent.

The commission's decision on Resorts' application will set a precedent. It is assumed that regardless of the outcome of he Resorts hearing, the commission's decision will be appealed in Superior Court.

The hearing resumes tomorrow. Resorts president I. G. (Jack) Davis is expected to be on the stand for much of the week, and the hearings are likely to last until mid-February.

Resorts must still explain its dealings with suspected organized crime associate Edward Cellini, who was employed to run the company's Paradise Island casino in 1967 and remained on the company payroll in Miami after being deported from the Bahamas in 1969.

It is also likely that the gaming division's questions about Resorts' sources of financing for its original $46 million investment in the Bahamas will crop up again. The firm's top officials are almost sure to be asked to explain how it came to be that a half-dozen of the investors or brokers who dealt with Resorts at that time were later charged by the Securities and Exchange Commission with stock manipulation.

And what of David Brobinsky, the former company executive — now who at one time was paid by Resorts not to make any "derogatory" public comments about the company?

And what of Seymour Alter, the former company executive — new suspended without pay — who has admitted that he attempted to bribe a judge and supplied "paid female companions" to Bahamian officials visiting Las Vegas as guests of Resorts?

Brown asked Crosby about these and other allegations. Crosby repeatedly denied any impropriety on the company's part.

Most observers here feel that Resorts' connection with Cellini may be its biggest problem. Resorts apparently will argue that it was Edward Cellini's elder brother, the late Dino Cellini, who was the organized crime figure, and that the younger Cellini, like Resorts, is being smeared solely because of an association.

According to sources, it is also expected that Alter will either resign or be fired by Resorts before the hearing ends.

After that it will be up to the Casino Control Commission to decide if Resorts is, as Crosby testified, "a better citizen than we are sometimes portrayed."

FD-350 (Rev. 10-19-77)

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Casino ex-aide focus of hearing

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International's dealings with Seymour Alter, a suspended company official who has admitted trying to bribe a judge and supplying "paid female companions" to Bahamian officials, was the focus of testimony yesterday by Resorts Chairman James M. Crosby.

Crosby was on the witness stand before the New Jersey Casino Control Commission during the sixth day of hearings into Resorts' application for a permanent casino operating license.

The New Jersey Division of Gaming Enforcement has cited the company's involvement with Alter as one of 17 "exceptions" to Resorts' request for a permanent license. Since May, the Miami-based firm has been operating, with a temporary license, New Jersey's only casino. The temporary license expires Feb. 26.

Alter was just one of several individuals of questionable background whose associations with Resorts were mentioned during a lengthy day of cross-examination by assistant New Jersey Attorney General G. Michael Brown.

Brown, citing a 1967 report by the Bahamian Royal Commission of Inquiry into suspected or organized-crime operations in the Bahamian casino industry, explored allegations of links between Resorts and two reputed associates of suspected underworld financier Meyer Lansky.

Both men, the late Dino Cellini and his brother Edward, had either direct or indirect associations with Resorts' casino operation in the Bahamas. Dino Cellini ran a croupiers' school in London from which part of the casino staff was recruited.

Edward Cellini managed Resorts' Paradise Island casino for two years before being ordered to leave the Bahamas in 1969. Despite that order, he continued his association with Resorts in Miami under a contract with the company. The report by the Division of Gaming Enforcement says he received $449,000 in salary during the time he was employed by Resorts.

Brown also asked Crosby about the dealings with financier Robert Vesco, who Crosby admitted had attempted to buy Resorts' Paradise Island casino-hotel in 1972.

Crosby said he ended negotiations with Vesco after learning from the Securities and Exchange Commission that it would be "unwise to deal with him."

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PG.2B "THE PHILA. INQUIRER"
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N. J. continues attack on Resorts' dealings

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Assistant New Jersey Attorney General G. Michael Brown continued to outline the state's case against Resorts International Inc. yesterday by focusing on what state investigators have termed "questionable" investors and business practices involved in Resorts' entry into the Bahamian casino industry in 1967.

In cross-examination of Resorts' chairman, James Crosby, Brown raised numerous questions about the sources of several million dollars in equity financing. The financing was part of $46 million raised by Resorts to back its Paradise Island casino-hotel.

Crosby was on the witness stand here before the New Jersey Casino Control Commission, which yesterday completed its fifth day of public hearings into Resorts' application for a permanent license to operate its Atlantic City casino.

Since May, the Miami-based firm has been operating the state's only casino with a temporary license that expires Feb. 26.

Crosby, 51, has been on the witness stand for all but the opening day of the hearings. As he has throughout the hearings, Crosby said yesterday that he never knowingly dealt with any firm, company or person whose reputation was under question.

The New Jersey Division of Gaming Enforcement has raised 17 "exceptions" to Resorts' request for a permanent license. In them, it cited questionable business dealings, suspected links with organized crime and possible bribes and payoffs to Bahamian officials as reasons why Resorts should be denied a license.

Investors and brokers about whom the state has raised questions include:

- Samuel Clapp, a Bahamian attorney and principal of the Fidiciary Trust Fund, which invested $392,000 in Resorts' stock. Clapp was barred from participating in the securities business in the United States by the Securities and Exchange Commission (SEC) after allegedly attempting to sell unregistered Mary Carter Paint stock (Resorts International was previously the Mary Carter Paint Co.) in 63.
- Frank Mace, a broker with the now-defunct Delafield & Delafield investment firm who arranged nearly $4.5 million in Mary Carter stock purchases by the Goulandris Greek shipping family. Mace later was charged by the SEC with manipulating stock during another Mary Carter Paint deal and his broker license was permanently revoked.
- The Alger Fund, which invested $2.5 million in Mary Carter Paint. State investigators have linked the Alger Fund with Investors Overseas Services (IOS). At the time of the Alger investment in Mary Carter Paint, IOS was controlled by Bernard Cornfeld, who in 1971 was barred for life by the SEC from engaging in the brokerage business. IOS subsequently was controlled by Robert Vesco, now a fugitive from justice, who allegedly diverted $220 million from IOS for his personal use.
- Richard Gittlin, a broker who received $730,000 "finder's fee" for arranging a $1.75 million investment in Mary Carter Paint stock. State investigators have cited a report by Intertel, Resorts' security subsidiary, that lists Gittlin as a "rumored close friend of Meyer Lansky."

A 1967 Life magazine article that suggested a possible link among Sands, Groves and Lansky was the topic of a heated debate early in yesterday's hearings.

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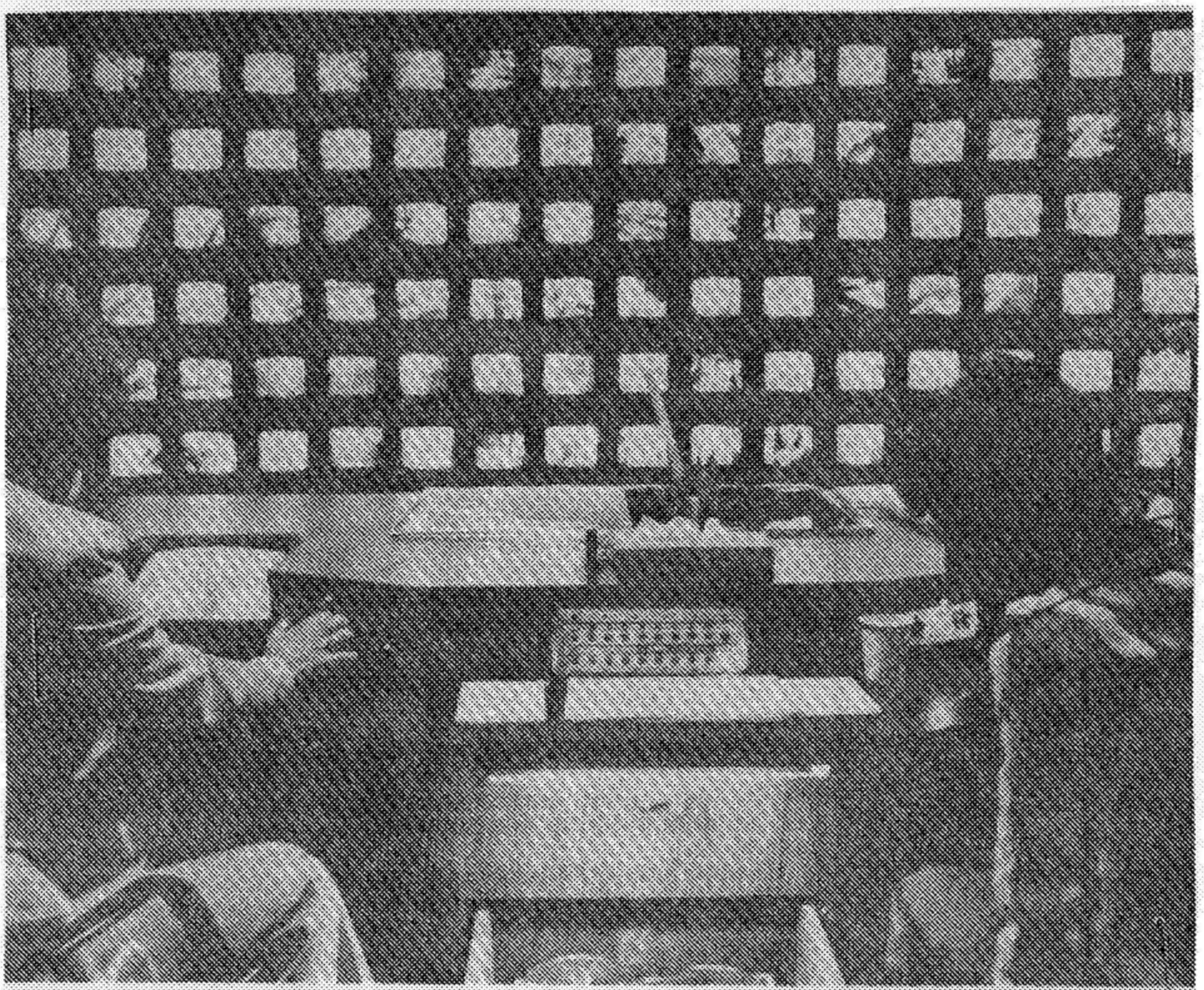
Assistant Attorney General Brown had tried to introduce the article as evidence after Crosby testified that he severed his company's business dealings with Sands and Groves because of the magazine's allegations.

Resorts' attorney Raymond Brown opposed use of the article as evidence. He contended, among other things, that the article was an example of "sensationalism by those who write for a living."

The hearings will resume this morning.

James Crosby
. . . *denies questionable dealings*



United Press International

Die is cast on camera

Like air-traffic controllers watching radar blips, Resorts International's casino-surveillance team scans a bank of 108 closed-circuit television screens, trying to stymie collisions with crime.

"We can go to any table on the floor with at least four cameras," said Edward Mullen, director of the $3 million surveillance system.

Patrons can see only mirror-like globes every 20 feet or so on the casino ceiling.

The cameras in the globes can see dirty fingernails on a blackjack dealer, or a light-fingered pickpocket.

Associated Press

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Never a mobster, Cellini says

By George Anastasia
Inquirer Staff Writer

Edward Cellini says he is not an organized-crime figure. He says he isn't now, nor has he ever been, a member of the Mafia.

And neither, he added, was his late brother, Dino.

"My brother was a brilliant mathematician," Cellini, 57, said during a recent telephone interview from his home in Miami. "He wasn't in the Mafia. If somebody handed him a gun, he wouldn't have known what end to grab."

The Cellini brothers have emerged as central figures in the New Jersey Casino Control Commission hearings in Atlantic City into Resorts International's application for a permanent state casino license.

During his testimony Wednesday before the casino commission, Resorts President I. G. Davis admitted that he had employed Edward Cellini to collect gambling debts owed the casino even after the Bahamian government ordered the company to sever all business connections with him.

The New Jersey Division of Gaming Enforcement is opposing Resorts' application, citing among other things suspected organized-crime links in the Bahamas, where Resorts now operates two casinos.

Edward Cellini was general manager of Resorts' Paradise Island casino from the time it opened in late 1967 until he was deported from the Bahamas as an "undesirable" person in November 1969.

A year earlier, both he and his brother had been "stop listed" (prohibited from entering) by the United Kingdom. Dino was also stop listed in the Bahamas at that time.

"I don't know the reasons for it," Cellini said of the reputations he and his brother had to live with for most of their lives. "We've never really had a chance to defend ourselves."

Cellini acknowledged that he and his brother worked in illegal casinos in their home town of Steubenville, Ohio, and later in Kentucky. And he admitted that they worked in Cuban gambling houses in the 1950s.

Law enforcement officials allege that two of those Cuban casinos, the Havana Riviera and the Hotel Nationale, were controlled by reputed underworld financier Meyer Lansky before the Castro government closed them in 1959.

"Sure, we worked in illegal casinos," Cellini said. "We grew up in a town where casinos existed. They were tolerated."

Collini likened his Ohio experience to learning a trade. From there, he said, it was just a question of going where the work was.

"We went to Cuba because we didn't want to go to Las Vegas. Las Vegas was a carnival. We got there (Cuba) before the mob. . . . I don't know this Lansky. I don't know if my brother did.

"But they call my brother a Lansky lieutenant. . . . My brother was as much a member of the Mafia as you (the interviewer) are."

Cellini said he was tired of living with words like "suspected, reputed and alleged organized-crime figure" attached to the front of his name.

"It's all because of what some people said my brother was. . . . and he never had a chance to defend himself."

Dino Cellini died nearly three years ago.

"The only time my brother was arrested he was dealing in a place in New York . . . Mineola, if my memory serves me right. Police raided the place and he was arrested. That's the extent of my brother's recor

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"But we got this (organized-crime allegations) over and over."

Cellini said he gave an interview to two investigators from the New Jersey Division of Gaming Enforcement last year.

"We had a friendly chat," he recalled.

He also said that he has not been asked, and does not intend, to appear before the New Jersey Casino Control Commission during its current hearings.

"What would I have to gain?" he asked, "except giving the cameras something to take a picture of and putting myself on exhibition?

"I have all this experience working in casinos, and if they ever got them down here (in Miami), I couldn't get a job pushing a broom. . . . I've had to live with this a long time and probably will until I die. It's like fighting a phantom, like trying to prove a negative. . . . How do I prove I'm not a bad guy?"

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SEC probes Resorts' financing

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — The Securities and Exchange Commission (SEC) has begun an investigation into Resorts International's business dealings and practices in the Bahamas and New Jersey.

Resorts officials confirmed the investigation prior to the start of yesterday's hearing before the New Jersey Casino Control Commission. The commission has been holding hearings here since Jan. 8 into Resorts' application for a permanent casino license.

Testimony at the hearings has dealt with several topics now being probed by the SEC, including sources of financing for Resorts' real estate purchases in the Bahamas and Atlantic City, hundreds of thousands of dollars in political contributions and the company's record-keeping practices.

But Resorts attorney Raymond A. Brown told the Casino Control Commission that Resorts International Inc. had learned of the SEC investigation on Friday. Brown, who predicted that Resorts officials will be subpoenaed by the SEC, said Resorts will cooperate with the investigators and will keep New Jersey gaming authorities informed of its progress.

In a prepared statement, Resorts said yesterday that the SEC investigation was an inquiry "into the adequacy of disclosure made in periodic reports and proxy statements filed with the SEC since January 1970 . . ."

The New Jersey Division of Gaming Enforcement, which is opposing Resorts' license application, has raised a number of questions about the company's business associations and practices.

Many of those practices have been discussed at length in testimony before the Casino Control Commission by Resorts' chairman, James M. Crosby, and Resorts' president I. G. Davis.

These include:

- The fact that several brokers and brokerage firms that arranged for several million dollars in financing for Resorts in the Bahamas in the mid-1960s were later the subjects of SEC investigations for stock fraud and stock manipulations.
- Political contributions by Resorts to the two major political parties in the Bahamas totaled nearly $700,000 and included cash payments through intermediaries.
- A special "goodwill" fund that Resorts used to pay for gifts, trips and direct payments to Bahamian custom and immigration officials totaled about $26,000 and was generated in part through an employe's payroll checks.

Resorts vice president Raymond Gore said yesterday that he believed the SEC investigation had been started because of the widespread publicity coming out of the Casino Control Commission hearings. "We are frequently asked questions (by the SEC)," Gore said. "We will respond as we have in the past."

The Casino Control Commission concluded its 14th day of testimony yesterday with former Resorts consultant David Probinsky still on the witness stand.

Probinsky, a public relations consultant in the Bahamas in the mid-1960s and early 1970s, worked for both the Bahamian government and Resorts International.

The New Jersey Division of Gaming Enforcement has questioned the reasons for a lucrative contract Probinsky received from Resorts. The contract provided Probinsky with about $1 million in cash and stock for helping Resorts renew its Bahamian gaming license in 1977. It further provides for an additional $1 million for Probinsky should the commission grant Resorts a permanent license.

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Probinsky, like Davis and Crosby, who testified earlier, has denied any impropriety in the contract.

Resorts has been operating New Jersey's only casino here since May with a temporary license that expires Feb. 26. A permanent license must be approved by four of the five casino control commissioners.

The hearings are expected to last at least two more weeks.

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Casino's political gifts probed

By D. W. NAUSS
Of The Bulletin Staff

Atlantic City — The Securities and Exchange Commission is conducting an investigation into Resorts International's political payments to foreign and domestic governments, and its land acquisitions in Atlantic city, it was disclosed today.

Raymond A. Brown, Resorts' attorney, revealed the SEC probe at the start of today's hearings before the New Jersey Casino Control Commission on Resorts' application for a permanent gaming license.

Brown said the SEC had informed Resorts' officials Friday of the probe into the "general adequacy of company records," regarding the political payments and land acquisitions.

The SEC investigation is "private," according to Brown, and empowers the federal agency to subpena witnesses.

According to testimony in the hearings thus far, Resorts provided $667,000 from 1970 to 1978 to Bahamian political parties and candidates . The payments, which Resorts claims are legal, were often made in cash and through intermediaries to hide Resorts' involvement.

Payments totaling $26,098 were similarly made to Bahamian customs officials from 1970 to 1974. Resorts officials said the gifts were for "goodwill" and not used to buy "favors."

The New Jersey Division of Gaming Enforcement has recommended Resorts be denied a permanent gaming license in part because of its Bahamian payments.

Resorts has operated the only casino in Atlantic City with a temporary permit since May 26. Resorts was the first casino company to acquire large tracts of land in Atlantic City , including the Chalfont-Haddon Hall hotel where the casino is located, a 56-acre urban renewal tract and numerous boardwalk properties.

Resorts also contributed heavily to the campaign for passage of the casino referendum in 1976.

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Resorts' finances probed

By D.W. NAUSS
Of The Bulletin Staff

Atlantic City — The federal Securities and Exchange Commission (SEC) is investigating Resorts International's payments to foreign and domestic political parties and the financing of its casino and other properties here.

Raymond A. Brown, an attorney for Resorts, disclosed the SEC probe as hearings began yesterday before the state Casino Control Commission on Resorts' application for a permanent gaming license.

Brown said the SEC informed Resorts officials Friday of its inquiry. Resorts has been operating a casino here under a temporary permit since May 26.

Although the extent of the probe has not yet been made public, Resorts officials said it would involve "the adequacy of disclosures made in periodic reports and proxy statements filed with the SEC since January 1970."

The disclosures involve contributions to foreign and domestic political parties and candidates, sources of financing for Resorts' Atlantic City acquisitions and the buying and selling of Resorts securities.

"I fail to know what it really means," Raymond Gore, Resorts senior vice president of finance, said when asked about the inquiry.

The SEC, the Casino Control Commission and state Division of Gaming Enforcement all refused to comment on the investigation.

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Casino Deals Harshly with Pros

By KAREN SCANLON

The New Jersey Casino Control Commission has ruled that Resorts International doesn't have to play cards with professional card counters, who have been winning bundles since new blackjack rules went into effect Jan. 4.

Resorts security men evicted 22 card counters — professional gamblers who win by keeping track of the cards — Monday night, among them Ken Uston who was cashing in chips worth $43,500 when he was bounced.

Uston, known as Mr. Blackjack to the pros and barred from 24 Nevada casinos, yesterday filed a complaint with the commission, seeking an injunction against the action. Resorts said they would arrest the pros for trespassing if they are caught at the blackjack tables.

A casino detective said the professional card counters "came in like flies" since the Casino Control Commission ordered the blackjack regulations changed. Some were winning $40,000 a session, he said.

UNDER THE NEW blackjack regulations, dealers must place the "cut card" within the bottom third of a four-deck shoe, increasing the card counters' advantage by eight percent. Previously the card was placed within the first three decks. The dealer reshuffles the decks when he reaches the cut card.

The new rule requiring Resorts to change dealers once every hour also pleased the card counters. Before Jan. 4, the dealers were changed arbitrarily, forcing a reshuffle every time.

The regulation changes have cut the house blackjack take in half, according to I. Walter Rogers, Resort's vice president in charge of casino operations.

Rogers said if the ban on card counters had not been permitted, Resorts would have discontinued blackjack.

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Nixon crony pops up in SEC probe of Resorts affairs

By LEONARD CURRY
Special to The Bulletin

Washington — The Securities and Exchange Commission's private investigation into Resorts International Inc., announced this week, could brush against Richard Nixon's close friend, Florida banker Charles B. (Bebe) Rebozo.

Resorts International has operated a gambling house in the Bahamas for 11 years and opened a hotel-casino facility in Atlantic City last May.

Rebozo reportedly was among the honored guests who were invited, allegedly at the casino's expense, during a series of gala ceremonies.

An Internal Revenue Service informant in congressional testimony three years ago connected Rebozo with recently suspended Resorts International employe, Seymour Alter. The informant said Alter carried "stuff" to Rebozo in the fall of 1972 that may have been intended for Nixon.

"Sy has been known as the bag man for Resorts International for quite some time," the informant said. "He was the man who transferred monies for Resorts International, for what purpose who knows."

Alter was suspended without pay from Resorts last month for an episode that happened 17 years ago. The company is attempting to gain state approval for a permanent license to continue its lucrative gaming operations. Since its Atlantic City opening, Resorts has reported income of more than $600,000 a day.

In revealing the probe Monday, Resorts said the SEC alleges that the company, whose shares are traded on the American Stock Exchange, has not adequately disclosed its financial dealings to shareholders dating back to 1970.

The company said the SEC expressed interest in "transactions with management of Resorts International, payments to foreign and domestic political organizations or public officeholders, the sources of financing for Resorts International's Atlantic City properties and the acquisition or disposition of securities or assets, or the assumption of liabilities of other persons by Resorts."

Resorts spokesman Phil Wexler said the company already has made full disclosure of all the items listed in the SEC order of investigation.

Wexler said Resorts has reported publicly that it made political contributions in the Bahamas, where they are legal. The circumstances of certain contributions made through a third party may have violated section 162 of the Internal Revenue Code, according to sources.

Resorts has made no contributions to politicians or political campaigns in the United States, Wexler said. U.S. law prohibits corporations from making contributions to federal campaigns.

Asked about reports that $200,000 in tolls from a Bahamian bridge company may have reached Rebozo in the late summer or fall of 1972, Wexler said: "The bridge has nothing to do with Resorts International."

Resorts Chairman James M. Crosby in 1972 had an ownership interest in a toll bridge that spans the Nassau Harbor Between the city of Nassau and

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Paradise Island, where Resorts opened its first casino in 1967 and got a 10-year renewal of its license last year.

The IRS informant said the Paradise Island Bridge Co., whose ownership involved a consortium of Huntington Hartford, Resorts International, a few other people — "Jack Davis, Jim Crosby" — collected a $2 toll from persons crossing between Nassau and the Paradise Island casinos.

The informant said the money was "crammed" into a box in the toll booth. On one occasion, the informant said, "they counted it up and it was better than $200,000."

The money was then taken to the gambling casino at the Britannia Beach hotel on Paradise Island, the informant said.

"A little bit unrelated, but yet related, is the fact one day the money left" in the fall of 1972, the informant said. ". . . That same day a gentleman (Alter) left who is known to be a close friend of Bebe Rebozo's by Bebe's own admission. He has accounts in (Rebozo's) Biscayne bank."

The informant said that on that same day, "according to . . . Frank Lichtenburg, . . . captain of the Resorts International boat belonging to Crosby and Davis," the captain "was over in the Miami area for some repairs."

The informant said Lichtenburg was told to sail the 55-foot craft to the Jockey Club at the northern end of the bay "and pick up Sy Alter."

The informant said Lichtenburg quotes Alter: "I am going to see the man. Get me over to the Key Biscayne Yacht Club as fast as you can get me there . . .

"They got there and Bebe drove on the dock. He was driving a black Lincoln Continental," the informant said. "Sy got out the box and climbed in the car real quick, but prior to that Sy said 'I'm going to see the man.' Nixon was in town at the time. He was in the house on Bay Lane."

Charles (Bebe) Rebozo
. . . reportedly honored guest

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David Probinsky's mysterious golden handshake

David Probinsky has been painted as a darkly mysterious character. It is no secret that investigators from the N.J. Division of Gaming Enforcement find him very suspicious.

But maybe they are just jealous.

Most people, after all, live in a world where if you get fired, you are lucky to get two weeks notice. Where if you introduce one friend to another and they hit it off, maybe they'll buy you a beer. Where being paid $2 million is beyond the realm of imagination.

But that, friends, is not David Probinsky's world.

Probinsky is a key witness in the current N.J. Casino Control Commission hearings on whether Resorts International should have its temporary casino gambling license in Atlantic City made permanent.

Probinsky is a former consultant to Resorts, first hired in the Bahamas when Resorts was worried about renewing a casino license there. Probinsky was a close friend of (and fund raiser for) the prime minister. Probinsky introduced the folks who run Resorts to the folks who run the Bahamas, and that license problem was cleared up.

IN APRIL, 1976, Resorts sent Probinsky to New Jersey where he looked up another close friend, Marvin Perskie. Perskie, now deceased, was a well-connected Atlantic County lawyer whose nephew, *Stephen*, was in the New Jersey Legislature. Probinsky introduced his friends at Resorts to his friend, Marvin, who in turn introduced them to *his* colleague, attorney Pat McGahn, whose brother Joe was a New Jersey senator. Marvin and Pat became attorneys for Resorts, and Stephen and Joe introduced the legislation that made casino gambling possible in Atlantic City (proving that although all friends are valuable, some are even more so.)

Anyway, by June, Probinsky was feuding with officials from Resorts, and it was decided to fire him. Along with his notice, however, he got a contract that basically said he was to get $1 million in cash and stock options for his help in getting the license renewal in the Bahamas plus a a second $1 million deal if Resorts was successful in getting its permanent license in New Jersey. All the company asked in return for this money was that Probinsky leave New Jersey and never

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ever say an unkind word about Resorts.

(Wouldn't we all like to be fired that way? "That's it. You're done. Clean out your desk. But just to show there's no hard feelings, here's $2 million for bus fare.")

On Monday, Assistant State Attorney General G. Michael Brown asked Probinsky to explain why *he* was so favored: "You were only in New Jersey two-and-a-half months. You say you never entered into a contract representing Resorts International. You say you never made public statements on its behalf or lobbied in the legislature. You weren't even on speaking terms when you were fired. Yet they agreed to give you a $2 million contract when you left. *Why?*)

PROBINSKY SAID it was because Resorts officials recognized how valuable he had been to them.

Possibly it also was because they don't want a man who makes such good friends to become their enemy. And that isn't so unusual in some circles. Fact is, "golden handshakes," as such contracts are called, are an old custom in that world of high finance where Probinsky lives... a world where it's who you know that counts. And where people get paid for knowing who counts.

I don't approve. But that doesn't prove it's illegal.

Before casinos came to New Jersey, I suggested that instead of bringing in all kinds of outside operators and granting them licenses to make money, the state should consider operating the casinos itself... and make that money for the taxpayers. Nobody gave two cents for *my* idea.

I'm sure David Probinsky could tell me where I went wrong.

(Rose DeWolf's opinion column also appears on Friday and Monday.)

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Casino License at Stake

ATLANTIC CITY (UPI) — The state yesterday opened hearings on its move to deny a permanent casino license to Resorts International by claiming the company has only a casual interest in integrity.

The five-member Casino Control Commission heard the state's lawyer describe New Jersey's first gambling casino operator as a firm that kept unsavory employes on its payroll until bad publicity forced it go get rid of them.

THE COMMISSION is expected to hear testimony from top Resorts officials and others before ruling on Attorney General John Degnan's recommendation to deny the company a permanent casino license.

The attorney general's report charged the company with casino mismanagement, association with criminal figures and bribery in connection with the casino business in the Bahamas in the 1960s.

DEPUTY ATTORNEY General G. Michael Brown told the commission, "Resorts has a superficial interest in integrity."

Saying Resorts responds to internal problems only when forced to do so by adverse publicity, Brown cites the recent suspension of Resorts' executive Seymour Alter 16 years after his alleged participation in a 1962 bribery conspiracy.

Brown also warned the commission not to be swayed by evidence of Resorts' tremendous success in Atlantic City. Since it opened under a temporary license in May, Resorts has reported a net win in excess of $135 million.

BROWN'S ADVERSARY in the hearing room is Raymond J. Brown, one of New Jersey's top criminal lawyers, who was hired to represent Resorts. Brown took the case a few weeks after winning an acquittal for Dr. Mario Jascalevich in the so-called "Doctor X" curare murder case.

Although the two attorneys have the same last name, they are not related.

Raymond Brown said many of the state's charges would be challenged as unconstitutionally vague.

The two lawyers said as many as 300 witnesses could testify during the hearings, which are expected to last two weeks.

(Indicate page, name of newspaper, city and state.)

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Resorts confident on license

Suspended aide not to testify

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — The lengthy hearing here on a permanent casino license for Resorts International is drawing to a close, and Resorts officials appeared confident yesterday that their company would be successful.

Although company officials would not publicly speculate on the outcome of the hearing, indications are they are pleased with the way their case has been presented and feel that the odds are heavily in their favor that the five-member State Casino Control Commission will approve the license application. The votes of four commissioners are required for a permanent license. It would be the first in the state.

One indication of Resorts' confidence was the disclosure yesterday that controversial former company executive Seymour Alter will not be called by Resorts to testify before the commission. Perhaps even more indicative of the direction the hearing is taking was the announcement that the state Division of Gaming Enforcement also did not intend to put Alter on the witness stand.

Alter, who was suspended by Resorts on Dec. 11 from his $37,500-a-year job as director of real-estate sales here, was a key figure in a critical report by the gaming enforcement division on Resorts. The report, which recommended against a license for Resorts, alleged questionable business dealings and associations by the company here and in the Bahamas, where Resorts has operated a casino since 1967.

Most observers here feel Resorts is not calling Alter to testify because company officials feel they have adequately rebutted the allegations in the division's report.

Alter's suspension came on the heels of the publication of the gaming enforcement division's report, which cited 17 "exceptions" to Resorts' license application. One of those exceptions was the company's continued business association with Alter, who has admitted to state investigators that he attempted to bribe a New York State judge in 1962 and that he provided "paid female companions" for Bahamian officials whn they visited Las Vegas as guest of Resorts in 1969.

Resorts has contended that Alter's 1962 bribery case came prior to his association with the company. Company officials have also testified here that Alter was not authorized to pay for female companions on the "goodwill" trip to Las Vegas.

Although the decision by the state not to call Alter to testify when it be- week prompted numerous questions, Assistant New Jersey Attorney General George Michael Brown would offer no reaon for the decision.

The backgrounds of Alter and a former Resorts employe formed a major part of the division's negative report. The other is Edward Cellini, Resorts' first casino manager in the Bahamas, who, state investigators alleged, has connections with organized crime.

Both Alter and Cellini live in the Miami area and in all probability could be brought here to testify. Neither Resorts nor the state, however, has indicated an intention to call Cellini.

Cellini has not been associated with Resorts since 1969. In a telephone interview from his home last month, he told The Inquirer he had no organized-crime connections and said he had no intention of testifying at the licensing hearing.

Alter's future with Resorts remains clouded. He would have to undergo a casino-employe licensing hearing before he could be reinstated as a company executive. Resorts officials say Alter will ask for such a hearing if the company is granted a permanent casino operating license.

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Resorts employe fired after mob link surfaces

Until last month, Resorts International employed a New York collection agent despite knowing of his connection to a Canadian mob boss since 1974.

Robert D. Peloquin, president of Intertel, Resorts' security firm, testified yesterday that collection agent Peter Hayes was linked through wiretaps to Toronto organized crime figure Albert Volpe. Peloquin said he took no action then to seek the dismissal of Hayes, who was fired only last month after his alleged crime ties were made public.

The New Jersey Division of Gaming Enforcement, which is conducting hearings on Resorts' application for a permanent license for its Atlantic City casino, has charged that Resorts terminates its relationships with unsavory figures only when the information is in danger of being made public.

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Casino might have to close pending license decision

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — New Jersey's only casino may be forced to close its doors temporarily at midnight Feb. 26, when its temporary license expires.

New Jersey Casino Control Commission Chairman Joseph P. Lordi mentioned that prospect yesterday as the commission's hearing into Resorts International's application for a permanent casino-operating license appeared to be bogging down. Resorts has been operating its Boardwalk casino since May 26 with a temporary license that expires in 10 days.

Lordi said his five-member commission would "not be pressured into making a decision, even if it means that the casino will have to be shut down."

The hearing into Resorts' application opened Jan. 8. It was bogged down in the last two days with Resorts' security chief Robert Peloquin on the witness stand. Peloquin is expected to complete his testimony early today as the hearing enters its 27th day.

Resorts attorneys, who are expected to present at least two more witnesses, said they hoped that testimony would end today. They hope to have a decision by the deadline.

Lordi said the commission would not meet Monday, George Washington's birthday, because it is a state holiday.

The New Jersey Division of Gaming Enforcement, which has opposed Resorts' license application, will begin presenting its witnesses either late today or Tuesday.

That testimony, plus summations by the attorneys for Resorts and the Division of Gaming Enforcement, will carry the hearing into late next week.

Lordi said the commissioners hope to ask questions of both attorneys following their summations. Then they will evaluate testimony that already totals more than 6,000 pages, and more than 300 documents that have been entered as evidence.

Resorts' temporary permit has issued for six months and extended for three additional months. There is no provision in state casino law for a second extension.

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Byrne assails Resorts inquiry

By George Anastasia
and Lacy McCrary
Inquirer Staff Writers

TRENTON — Gov. Brendan T. Byrne yesterday sharply criticized the New Jersey Casino Control Commission for not working longer hours to ensure that its hearing into Resorts International's application for a permanent casino license is completed by Monday, the day the firm's temporary permit expires.

If the hearing is not concluded and if the commission has not made a decision by Monday, the state's only casino in Atlantic City will be forced to close. The law does not provide for an extension of the temporary permit.

Bryne disclosed at a news conference that last Friday he had asked the commission, through the state attorney general's office, to speed up the hearing by meeting on weekends and evenings. He said the request was "disregarded."

A Byrne spokesman later said that Assistant Attorney General G. Michael Brown had made the request to Commission Chairman Joseph P. Lordi during a recess of the hearing in Atlantic City. Also present at that time, the spokesman said, was Raymond A. Brown, lawyer for Resorts.

No commission meetings were held on the weekend or Monday, which was a state holiday.

"For the commission to take the weekend off and do business as usual at a time when it is clear it will be crowded in the remaining days between now and the expiration of a temporary license, expecially when the commission could have sat on weekends and evenings, has to be disheartening to me," Byrne said.

"I felt that these commissioners were committed to do a first-class job. I think they could have worked this weekend. I think they can work evenings for the rest of the week," he said.

Byrne said he feared that the commission would be rushed into making a decision.

However, Lordi repeated yesterday that the commission would not be hurried into making a decision, even, if it meant that Resorts' casino would have to shut down temporarily.

"We are not under a deadline of time," Lordi said at the start of yesteray's session. "If the commission does not reach a decision by midnight, the casino will have to shut down."

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Resorts sums up, attacking state witness as 'con artist'

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International attorney Raymond A. Brown concluded his case before the New Jersey Casino Control Commission yesterday with a scathing attack on one of the state's key witnesses.

Brown called James Russell Hawthorne "a con artist to the 32d degree" and "an unmitigated liar" during a lengthy and at times rambling summation.

Hawthorne, a convicted gambler and stock manipulator serving an eight-year sentence in Florida, testified earlier this week about possible links between Resorts and reputed organized crime financier Meyer Lansky.

Brown's summation came at the end of the 30th day of testimony before the casino commission, which began its hearing into Resorts' application for a permanent casino license here Jan. 8.

Earlier in yesterday's hearing, New Jersey's assistant attorney general, G. Michael Brown, outlined the state's case against Resorts. He is representing the Division of Gaming Enforcement, which two months ago filed a background report on Resorts citing 17 "exceptions" to the firm's license application to support its recommendation that the commission deny the application.

Under a tentatative schedule outlined yesterday, the casino commission is expected to spend the weekend reviewing more than 7,800 pages of transcribed testimony and more than 400 documents and charts that have been entered as evidence.

The five-member commission plans to reconvene at 9 a.m. Monday and vote on whether to grant Resorts the state's first permanent casino license that expires at 11:59 p.m. Mon proved by at least four of the commissioners.

Resorts has been operating here since May 26 with a temporary license that expires 11:59 p.m. Monday. If the commission does not vote before expiration, the Casino would be forced to close.

Should the commission vote to deny Resorts a license, it would then appoint a conservator who would run the casino here until a suitable buyer could be found.

G. Michael Brown spent 75 minutes summing up the state's case against Resorts. Most of his suummation was a recapitulation of the Division of Gaming Enforcement's 115-page report about Resorts.

Brown raised questions about the company's $700,000 in political contributions in the Bahamas, where Resorts has operated a casino since 1967. He also cited a $26,000 fund from which Resorts provided gifts, trips and cash payments to Bahamas customs and immigration officials from 1970 to 1974.

Brown questioned the motives for the political contributions and likened the $26,000 in payments to a "slush fund." He also questioned Resorts' honesty and integrity and said the company had demonstrated in the past a "willingness to accomplish their purpose by any convenient means."

Resorts has continually denied any impropriety in its political contributions and gifts, pointing out they are legal in the Bahamas.

Just as vehemently, it has denied any organized-crime connection, now or in the past.

Raymond Brown spent much of his 2½-hour summation defending the company's character and business reputation and disputing the allegations contained in the gaming enforcement division's report.

He called the charges "a canard, base lies perpetuated about . . . Resorts." He called Hawthorne's testimony "beyond belief" and said "if that's proof it is more in the nature of an insult."

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AC Casino's License Plea Down

ATLANTIC CITY (UPI) — With its temporary permit due to expire at midnight, Resorts International was confident the five-member Casino Control Commission today would grant it the first permanent casino gambling license in the East.

Following an extensive state investigation, seven weeks of public hearings and mounting pressure from state and local officials for a verdict before the midnight deadline, the commission was expected to announce its long-awaited decision on Resorts' bid to continue operating the most successful casino in history.

Should Resorts be denied the license, the state will designate a conservator to run the casino until a buyer is found.

SINCE RESORTS opened its football field-sized casino last May 26 under the temporary permit, the firm has raked in more than $150 million and won the hearts of area residents by providing jobs and money in the rundown resort.

Resorts executives said they were confident the commission would arrive at a favorable decision despite state Attorney General John Degnan's recommendation to deny the company a permanent license.

In a report issued last December, the state charged Resorts with questionable business practices, associating with organized crime figures, using deficient internal auditing and security controls at casinos in both Atlantic City and the Bahamas, and shielding irresponsible and corrupt motives in its business deals over the past 10 years.

The company expressed outrage at the charges and hired one of New Jersey's top lawyers, Raymond Brown, to handle its case. Last year, Brown successfully defended Dr. Mario Jascalevich against curare murder charges in the state's longest criminal trial.

In a wide-ranging, sometimes humorous, other times bitterly critical attack, Brown marched 29 witnesses before the commission.

THE PUBLIC HEARD from everyone, including Resorts Board Chairman James Crosby, who described how he moved into the casino business in the Bahamas during the 1960s, and consultant Bernard Strause, who testified about the "warm and pleasant" toilet seats imported from Italy for the Atlantic City casino.

The state's case was engineered by one of its top criminal lawyers, G. Michael Brown.

The state's attorney methodically pursued the black marks in Resorts' past: the secret $26,000 "slush fund" used to buy "goodwill gifts" for Bahamian customs officials, and the company's relationship with Edward Cellini, its first Paradire Island casino manager, who was reputedly linked to crime boss Meyer Lansky.

According to the Casino Control Act, a casino operator must bear the burden of proof that it can maintain high moral and financial stability.

Michael Brown questioned the integrity of a company that would sign a "gag order" contract promising consultant David Probinsky over $1 million once the license was awarded if he refrained from making degrogatory remarks about its business.

BUT HE COULD ONLY present six witnesses to support his case and most were the state's own investigators who had studied Resorts' files.

Virtually all of the evidence produced in the unprecedented case was drawn from Resorts records and the files of Intertel, the company's security subsidiary.

Raymond Brown attacked the state's case as "mysterious trails" based on innuendo, unfair guilt by association and unsubstantiated "raw data."

At one point, he said, "All of the solid achievement has been overlooked."

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Resorts Hits Jackpot Despite Island Ways

Special to the Daily News

ATLANTIC CITY — The New Jersey Casino Control Commission yesterday granted Resorts International a permanent casino license, ruling that when in the Bahamas, it's proper to do as the Bahamians do.

The Division of Gaming Enforcement, an arm of the attorney general's office, had recommended that Resorts be denied a license, primarily on the basis of the firm's business associations and casino operations in the Bahamas.

AFTER SEVEN weeks of hearings and testimony from 34 witnesses, the five-member commission voted unanimously to grant the license, despite Commission Chairman Joseph Lordi's admission that some of Resorts' business dealings in the Bahamas "would not be sanctioned in the state of New Jersey."

The vote came only 10 hours before Resorts' temporary license was due to expire at midnight.

The Division of Gaming Enforcement had listed 17 reasons why Resorts should be denied a permanent license, including allegations that:

- The firm willingly associated with businessmen known to have underworld connections and criminal backgrounds.
- Resorts gave cash gifts and, in one case, a Rolls-Royce to Bahamian customs officials and politicians.
- Resorts tried to exert undue influence on Bahamian cabinet minister and lawyer Sir Stafford Sands, by paying him $160,000 in "legal fees."

At the start of yesterday's hearing, Lordi read a statement addressing each of the 17 objections.

"There's been no evidence saying Resorts is not qualified for a license. I'm satisfied Resorts has established a good reputation for honesty and integrity," Lordi said.

LORDI SAID Resorts' payments to Bahamian customs officials were not "indicative of an attempt to corrupt." He also said the $160,000 fee paid to Sands "was in no way inordinate," and Resorts' association with Wallace Groves and Edward Cellini — two men the state attorney general claims have underworld connections — "does not reflect adversely on either (Resorts chairman James) Crosby or Resorts International."

Lordi said it was "unlikely that Edward Cellini," — the casino manager in the 1960s at Resorts' Bahamas casino — "would be licensed today in New Jersey. He added, "however, an association in this context, 12 years ago in another country, is not to be held against Resorts."

YESTERDAY'S VOTE overjoyed Resorts officials, but New Jersey Attorney General John Degnan can appeal the commission's ruling to Superior Court. He said yesterday his office was considering such a move.

"We will seek review only if we are convinced (after reviewing testimony) of the existence of serious legal error in the exercise of the discretion accorded the commission," Degnan said.

He added the decision to appeal "would not be taken lightly..."

Commissioner Albert Merck voiced the lone whisper of dissent on the commission, saying: "Do we trust these people? Do we want to confer respectability on people like this? I have my strong doubts."

NEVERTHELESS, Merck voted in favor of the license.

"A few lingering questions will undoubtedly remain," said casino commissioner Alice Corsey. "But no reasonable person can say Resorts doesn't deserve a license."

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One of those lingering questions is Resorts' director of real estate, Semour Alter, suspended without pay when the Gaming Division revealed that he had attempted to bribe a New York state judge in 1962, and had supplied female companions to Bahamian public officials.

But Lordi ruled that Alter would be the subject of a later hearing.

Resorts Head Resting In Local Hospital After Hearings

Resorts International board chairman James M. Crosby, 51, who suffers from emphysema, was admitted to Philadelphia's Einstein Medical Center, Northern Division for what was described as a rest after yesterday's New Jersey Casino Control Commission decision to grant a permanent casino license to Resorts. A hospital spokesman said Crosby's condition was stable.

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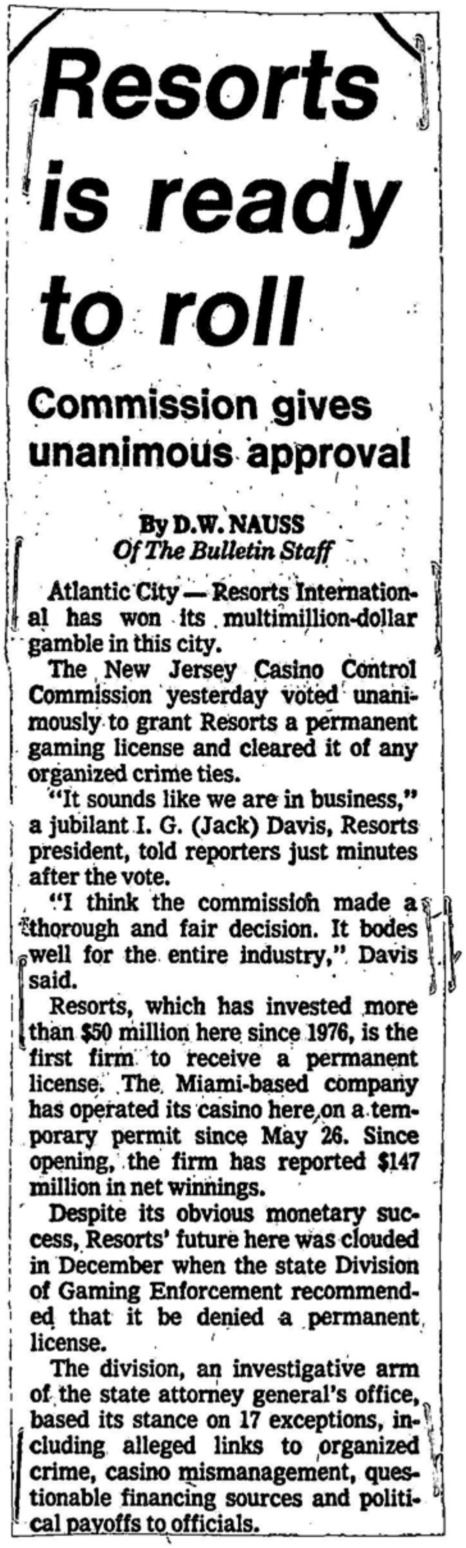

Resorts is ready to roll

Commission gives unanimous approval

By D.W. NAUSS
Of The Bulletin Staff

Atlantic City — Resorts International has won its multimillion-dollar gamble in this city.

The New Jersey Casino Control Commission yesterday voted unanimously to grant Resorts a permanent gaming license and cleared it of any organized crime ties.

"It sounds like we are in business," a jubilant I. G. (Jack) Davis, Resorts president, told reporters just minutes after the vote.

"I think the commission made a thorough and fair decision. It bodes well for the entire industry," Davis said.

Resorts, which has invested more than $50 million here since 1976, is the first firm to receive a permanent license. The Miami-based company has operated its casino here on a temporary permit since May 26. Since opening, the firm has reported $147 million in net winnings.

Despite its obvious monetary success, Resorts' future here was clouded in December when the state Division of Gaming Enforcement recommended that it be denied a permanent license.

The division, an investigative arm of the state attorney general's office, based its stance on 17 exceptions, including alleged links to organized crime, casino mismanagement, questionable financing sources and political payoffs to officials.

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Those charges were discounted point by point yesterday by Commission Chairman Joseph P. Lordi in a lengthy fact-finding report based on testimony presented during 30 days of hearings on the Resorts license.

"I have found no facts to suggest this applicant is not qualified for licensure," Lordi said.

Lordi said the hearings revealed Resorts had no association with organized crime, had clean funding for its Atlantic City casino and had run its casino here in a controlled fashion.

He was emphatic about the alleged crime links. "There is absolutely no evidence of organized criminal involvement in the applicant corporation or its parent," Lordi said.

Commissioners Kenneth MacDonald, Alice Corsey and Prospero DeBona supported the chairman's findings. Only Commissioner Albert Merck expressed some reservations.

"I have to say that I have some strong doubts about some of the things I have heard," Merck said.

Despite questions of the honesty and integrity of some of the firm's officials, Merck said the weight of the evidence was not strong enough to deny Resorts a license.

Nonetheless, Merck attempted to impose several conditions on the license: That Resorts fulfill its promise to erect a casino at Chalfonte Hall; an independent audit committee be appointed to the firm's board of directors; suspended Resorts executive Seymour Alter never be rehired by Resorts, and that Resorts' $1-million-plus payment to consultant David Probinsky, contingent on its gaining a license, be rescinded.

The commission rejected the conditions as unworkable. However, it did impose one minor stipulation — that Intertel, Resorts' security subsidiary, not take another casino firm as a client without first receiving commission approval.

G. Michael Brown, assistant attorney general, agreed that no evidence had been presented to link Resorts or its top officials to mobsters.

Attorneys for the Division of Gaming Enforcement were obviously disappointed by the commission's action.

Guy Michael, deputy attorney general, said a decision would be made within 45 days whether to appeal. Most observers, however, think an appeal is highly unlikely.

In a prepared statement, state Attorney General John J. Degnan, a long-time opponent to the licensing of Resorts, said he was disappointed by the decision.

The decision ends a 15-month license process which will set the standard for all future applicants here.

Resorts, which operates two casinos in the Bahamas, first moved into Atlantic City in early 1976 prior to the passage of the casino gambling referendum that November.

Resorts applied for a casino license in December 1977, launching a year-long, globe-jumping probe by state investigators. The investigation cost more than $1 million and Resorts must pay the bill.

The firm was allowed to open its casino in May 1978 with a temporary permit after the Legislature amended the Casino Control Act for that purpose.

Resorts is the largest landowner in Atlantic City, counting among its real estate Steel Pier, numerous Boardwalk properties, the 56-acre urban renewal tract and Great Island, a large wetlands tract. The firm hopes to eventually operate three casinos, the maximum allowed a single operator under the casino statute.

In a statement, Atlantic City Mayor Joseph Lazarow congratulated Resorts on gaining a permanent license. He said the firm has been very important to the redevelopment of the city.

"I believe justice has been served," Lazarow said.

Other city officials were enthusiastic over the licensing of Resorts.

Resorts officials were as ecstatic as the Division of Gaming Enforcement staffers were subdued. "We think the allegations were shown to be unfounded," president Davis said.

The decision drew loud applause from the audience, which crowded into the commission's chambers to hear the judgment. Many investors in Resorts stock were present in the crowd.

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Resorts gets license for casino

N.J. unit's vote is 5-0 to-the-wire

By George Anastasia
Inquirer Staff Writer

ATLANTIC CITY — Resorts International, operator of the world's most successful casino, yesterday was granted New Jersey's first permanent gambling license, a move that will allow it to continue taking in money at a record pace and that virtually assures this city's future as the East Coast's gambling capital.

The New Jersey Casino Control Commission voted 5-0 at the end of a three-hour meeting to approve the license application for the Resorts International Hotel Casino.

Commission Chairman Joseph P. Lordi set the tone for that meeting when he declared there was no evidence to substantiate allegations by state gaming officials that Resorts had organized-crime connections and questionable business associates.

Lordi voiced those conclusions after he delivered a long fact-finding report at the start of the meeting. The report is a result of a 30-day hearing on Resorts' license application, which began here Jan. 8 and concluded Thursday.

"We're very happy," said Resorts' president I. G. (Jack) Davis, as he was swarmed by reporters and well-wishers following the meeting. "I think it bodes well for the entire casino industry here."

With the vote for a license, Resorts will continue to operate its Boardwalk casino, which opened with a temporary license May 26. The temporary license, which on Nov. 26 was extended the maximum three months, expired at 11:59 last night.

In the nine months, the Resorts casino's average daily win was more than $555,000 — three times that of the largest Las Vegas casinos. (The figure is for receipts after successful gamblers' winnings are paid out but before salaries and operating costs are paid.)

Financial reports filed with the state indicate the casino grossed over $147.7 million through Jan. 31. It has been estimated that the first 12 months of operation will show gross earnings in excess of $200 million — twice what was projected as possible annual earnings before the casino opened.

But even more important to the city and the state are indications that the commission's vote will significantly increase the pace and expand the scope of casino development.

The commission's approval of Resorts' license is considered an official endorsement of New Jersey's first stage of casino development and as such was crucial to the long-range rebuilding of this faded South Jersey resort.

Among other things, observers believe that the vote will help highten the interest of many traditional money-lending sources, such as banks and insurance companies, that have been reluctant to invest in New Jersey's newest industry.

Two casinos, being built by Bally Manufacturing Co. and Caesars World, hope to open here this summer. More than two dozen others, including two more proposed by Resorts, are in various stages of planning and development.

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All must have Casino Control Commission approval and must meet state licensing requirements.

For Resorts, a Miami-based firm that has led the drive to turn this city into an eastern Las Vegas, the commission's vote yesterday was the jackpot the company was seeking when it took a financial gamble and began investing in Atlantic City three years ago.

Even before the 1976 state-wide casino gambling referendum, Resorts had invested several million dollars in Atlantic City real estate. After casinos were legalized and by the time Resorts had opened the East Coast's first casino here, the company's investment in the city approached $100 million.

The commission's vote was also considered public exoneration of charges of corruption, possible mob connections and mismanagement that have plagued Resorts since the 1960s, when, as the Mary Carter Paint Co., it first invested in the casino industry in the Bahamas.

It was, in fact, Resorts' history in the Bahamas that raised so much concern about its future here.

The New Jersey Division of Gaming Enforcement, a branch of the attorney general's office, opposed Resorts' license application because of questions about the company's background. Among other things, state investigators cited possible mob connections, questionable business dealings and associations and apparent bribes and payoffs to Bahamian government officials and recommended that Resorts not be licensed here.

But the conclusions in the division's 115-page report were dismissed by Lordi in his fact-finding report, a report that was endorsed by all five commissioners.

Lordi pointed to "three key factors" in recommending that Resorts be licensed.

There was, he said, "no evidence of organized crime involvement" with the company. And there was every indication, he said, that the company's funding sources for its Atlantic City project were "cleared as to integrity." And after a somewhat shaky start, he said, Resorts had shown that it was "running a well-controlled casino" in Atlantic City.

The only commissioner who raised serious questions about granting the license yesterday was Albert Merck.

Merck said he had some "strong doubts" about the validity of some of the testimony given by Resorts officials during the hearings. He also questioned the company's "relaxed" hiring practices that, at least in the Bahamas, allowed it to employ individuals later suspected of organized crime associations.

But none of his concerns, Merck said, were of "sufficient weight" to justify voting against licensing.

While the license granted yesterday has been commonly referred to "permanent," legally it is described as a plenary license and is subject to yearly renewal. Most officials say the renewal will be almost automatic unless Resorts is found to be violating state gaming laws. And in such a situation, the commission can move at any time to revoke the firm's license.

New Jersey Assistant Attorney General G. Michael Brown, who presented the state's case against Resorts, said he was disappointed with the decision and disagreed with the conclusions of commission. But neither Brown nor his assistant, Deputy Attorney General Guy Michaels, would speculate whether the Division of Gaming Enforcement would appeal the decision to Superior Court.

The division has 45 days to make and appeal.

The commission also voted unanimously to license Resorts' security subsidiary, Intertel, but stipulated that the company could not provide security service for any other casino operator here without first receiving commission approval.

The effects of the commission's decision on the company's stock was predictably favorable.

Resorts International Class A stocks closed at 47¾, up 4¾, on a volume of 725,800 shares. It was the most active stock on the American Exchange yesterday even though trading in it had been delayed until 3 p.m. while word of the vote was awaited.

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Joel Stern bends to hug fellow Resorts lawyer Raymond Brown; Davis (right) smiles

Joseph P. Lordi
before commission vote

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On the Boardwalk, Resorts waitresses served cocktails after yesterday's license approval